

(25,946)

SUPREME COURT OF THE UNITED STATES.

OCTOBER TERM, 1917.

No. 497.

OKLAHOMA GIN COMPANY, PLAINTIFF IN ERROR,

vs.

THE STATE OF OKLAHOMA.

IN ERROR TO THE SUPREME COURT OF THE STATE OF OKLAHOMA.

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Return to Writ.

In obedience to the command of the within writ, I herewith transmit to the Supreme Court of the United States, a duly certified transcript of the record and proceedings in the within entitled cause, as requested by the stipulation filed herein and made a part of this record.

In Witness Whereof, I hereto set my hand and affix the seal of said Supreme Court of Oklahoma, at Oklahoma City, Oklahoma, this 24 day of March, 1917.

[Seal Supreme Court, State of Oklahoma.]

W. M. FRANKLIN,
Clerk Supreme Court of Oklahoma,
By N. C. ORR, *Ass't.*

2 Filed in Supreme Court of Oklahoma Mar. 12, 1917. William M. Franklin, Clerk.

In the Supreme Court of the State of Oklahoma.

No. 7022.

OKLAHOMA GIN COMPANY, Plaintiff in Error,

v.

STATE OF OKLAHOMA, Defendant in Error.

Stipulation.

Whereas the above named plaintiff in error desires to prosecute a writ of error from the Supreme Court of the United States to review the judgment of the Supreme Court of the State of Oklahoma, and pursuant to Rule 8 of that court the parties desire to abbreviate the transcript of the record for that court, it is hereby agreed that the following designated portions of the record shall constitute the transcript of record for the Supreme Court of the United States, and that they present all of the material portions of the record necessary to a complete determination of said writ of error, and that the clerk of this court shall transmit only the papers designated in this stipulation:

1. The citation and service.
2. Petition for writ of error.
3. Assignment of errors.
4. Order allowing writ and fixing bond.
5. Writ of error.

6. Supersedeas bond.
 7. Petition in error.
 8. The following portions of the case-made:
 (a) The complaint of J. E. Osborne (page 6).
 (b) The return of Oklahoma Gin Company (pages 10 to 12).
 (The other complaints and returns are similar in form and may be omitted.)
 (c) The testimony of various witnesses commencing at page 37
 and extending through page 554.
 3 (e) The findings of fact, opinion and order of Commission
 (pages 554a to 554f).
 (f) The opinion and order of the Commission (pages 557 and
 558).
 (g) Order of the Commission (page 568).
 (h) Order of Commission (page 578).
 (The exceptions, motions for new trial and orders on these ex-
 ceptions and motions not being material in the Supreme Court of
 the United States may be omitted.)
 9. The opinion of the Court.
 10. All petitions for re-hearing.
 11. The order denying petitions for re-hearing.
 12. The final order of affirmance.

AMES, CHAMBERS, LOWE &
 RICHARDSON,
Attorneys for Plaintiff in Error.
 S. P. FREELING,
Attorney General,
Attorney for Defendant in Error,
 By JNO. B. HARRISON,
Ass't Atty Gen.

4 Filed in Supreme Court of Oklahoma Mar. 12, 1917. William M. Franklin, Clerk.

UNITED STATES OF AMERICA, ss:

No. 7022.

OKLAHOMA GIN COMPANY, Plaintiff in Error,

v.

STATE OF OKLAHOMA, Defendant in Error.

Citation.

To the above named defendant in error, Greeting:

You are hereby cited and admonished to be and appear in the Supreme Court of the United States in the City of Washington, District of Columbia, thirty days from and after this 12th day of March,

1917, pursuant to a writ of error filed in the clerk's office of the Supreme Court of the State of Oklahoma, wherein you are defendant in error and Oklahoma Gin Company is plaintiff in error to show cause, if any there be, why the judgment rendered against the said plaintiff in error as in said writ of error mentioned should not be corrected and speedy justice should not be done the parties in that behalf.

Witness the Honorable J. F. Sharp, Chief Justice of the Supreme Court of Oklahoma, this 12th day of March, 1917.

[Seal Supreme Court, State of Oklahoma.]

J. F. SHARP,
Chief Justice.

Attest:

WM. M. FRANKLIN,
Clerk of the Supreme Court,
By G. C. STARK, *Deputy.*

We hereby acknowledge due service of the within citation this 12 day of March, 1917.

S. P. FREELING,
Atty General;
By JNO. B. HARRISON, *Ass't,*
Attorneys for Defendant in Error.

5 Filed in Supreme Court of Oklahoma Mar. 12, 1917. William M. Franklin, Clerk.

In the Supreme Court of the State of Oklahoma.

No. 7022.

OKLAHOMA GIN COMPANY, Plaintiff in Error,

v.

STATE OF OKLAHOMA, Defendant in Error.

Petition for Writ of Error.

Oklahoma Gin Company, the plaintiff in error, in the above entitled cause feeling aggrieved by the decision and judgment of the court rendered thereon on the 26th day of December, 1916, comes now by Ames, Chambers, Lowe & Richardson, its attorneys of record herein, and petitions the court for an order allowing said plaintiff in error to prosecute a writ of error to the Honorable Supreme Court of the United States under and according to the rules of the United States in that behalf made and provided, and for an order that all further proceedings herein be suspended and stayed until the deter-

mination of said writ of error by the Supreme Court of the United States, and your petitioner will ever pray.

AMES, CHAMBERS, LOWE &
RICHARDSON,
Attorneys for Plaintiff in Error.

6 Filed in Supreme Court of Oklahoma Mar. 12, 1917. William M. Franklin, Clerk.

In the Supreme Court of the United States.

No. —.

OKLAHOMA GIN COMPANY, a Corporation, Plaintiff in Error,
v.

THE STATE OF OKLAHOMA, Defendant in Error.

Assignment of Errors.

Comes now Oklahoma Gin Company, a corporation, the above named plaintiff in error and says that in the record and proceedings in the above entitled cause, there is manifest error in this, to-wit:

1.

The Supreme Court of the State of Oklahoma committed error in affirming the order of the Corporation Commission of the State of Oklahoma.

2.

The Supreme Court of the State of Oklahoma erred in holding that Section 13 of the Act of June 10, 1908, entitled "An Act to define a trust, etc." (Section 8235 Revised Laws 1910) is not in conflict with the Fourteenth Amendment of the Constitution of the United States.

3.

The Supreme Court of the State of Oklahoma erred in holding that the order of the Corporation Commission of the State of Oklahoma in said cause did not violate the Fourteenth Amendment to the Constitution of the United States.

Wherefore the said plaintiff in error, prays that the judgment of the Supreme Court of the State of Oklahoma be reversed.

AMES, CHAMBERS, LOWE &
RICHARDSON,
Attorneys for Plaintiff in Error.

7 Filed in Supreme Court of Oklahoma Mar. 12, 1917. William M. Franklin, Clerk.

In the Supreme Court of the State of Oklahoma.

No. 7022.

OKLAHOMA GIN COMPANY, Plaintiff in Error,

vs.

STATE OF OKLAHOMA.

Order Allowing Writ of Error.

This cause coming on to be heard on the 12th day of March, 1917, upon petition of the plaintiff in error for a writ of error herein, and it appearing that the said plaintiff in error has filed its assignment of errors, it is hereby ordered upon motion of C. B. Ames, one of the attorneys for plaintiff in error that a writ of error be and it is hereby allowed to have reviewed in the Supreme Court of the United States, the judgment heretofore rendered in said cause on the 26th day of December, 1916.

And it further appearing that said plaintiff in error has prayed for an order of supersedeas in said cause, it is further ordered that said plaintiff in error be required to execute its bond in said cause in the sum of \$500.00, and that upon the filing of said bond, and its approval by the Chief Justice of this court, it is ordered that all further proceedings be suspended and stayed until the determination of the said writ of error by the Supreme Court of the United States.

Ordered, Adjudged and Decreed, this 12th day of March, 1917.

[SEAL.]

J. F. SHARP,

Chief Justice of the Supreme Court of Oklahoma.

Attest:

WM. M. FRANKLIN,

*Clerk of the Supreme Court
of the State of Oklahoma,*

By G. C. STARK, *Deputy.*

8 Filed in Supreme Court of Oklahoma, March 14, 1917.
William M. Franklin, Clerk.

UNITED STATES OF AMERICA, ss:

The President of the United States to the Honorable Judges of the Supreme Court of the State of Oklahoma, Greeting:

Because in the record and proceedings, as also in the rendition of the judgment of a plea which is in the said Supreme Court of the

State of Oklahoma, before you or some of you, by the highest court of law or equity of the said state in which a decision could be had in the said suit between Oklahoma Gin Company, plaintiff in error, and the State of Oklahoma, defendant in error, wherein was drawn in question the validity of a statute of the State of Oklahoma and the validity of an order of the Corporation Commission of said state, which the plaintiff in error claimed were in conflict with the Fourteenth Amendment to the Constitution of the United States, and the decision was in favor of the validity of said statute and order, a manifest error has happened to the great damage of Oklahoma Gin Company, as by its complaint appears.

We being willing that error, if any hath been, should be duly corrected and full and speedy justice done to the parties aforesaid in this behalf, do command you, if judgment be therein given, that then under your seal, distinctly and openly, you send the record and proceedings aforesaid with all things concerning the same to the Supreme Court of the United States together with this writ so that you have the same at Washington on the 11th day of April, 1917, in the said Supreme Court to be then and there held that the record and proceedings aforesaid being inspected, the Supreme Court may cause further to be done therein, to correct that error, what of right and according to the laws and customs of the United States should be done.

Witness the Honorable Edward D. White, Chief Justice of the Supreme Court of the United States this 12th day of March, 1917.

[Seal of the United States District Court, Western District of Oklahoma.]

ARNOLD C. DOLDE,
*Clerk of the District Court of the United States
for the Western District of Oklahoma.*

Allowed by

J. F. SHARP,
*Chief Justice of the Supreme Court
of the State of Oklahoma.*

9 Filed in Supreme Court of Oklahoma, Mar. 12, 1917. William M. Franklin, Clerk.

In the Supreme Court of the State of Oklahoma.

No. 7022.

OKLAHOMA GIN COMPANY, Plaintiff in Error,

vs.

STATE OF OKLAHOMA, Defendant in Error.

Bond.

Know all men by these presents, That Oklahoma Gin Company, a corporation organized under the laws of Oklahoma, principal obligor, and Frank E. Anderson, as surety, are held and firmly bound unto the State of Oklahoma, in the penal sum of \$500.00 for the payment of which well and truly to be made, we and each of us do hereby jointly and severally bind ourselves, our successors and assigns.

Dated this 12th day of March, 1917.

The condition of the foregoing obligation is such that Whereas said obligee did on the 26th day of December, 1916, in the above entitled cause, procure a judgment against the principal obligor affirming the previous decision of the Corporation Commission of the State of Oklahoma, imposing a fine upon the principal obligor for violating an order of the Commission; and

Whereas the said principal obligor has secured a writ of error to the Supreme Court of the United States to review the proceedings in said cause;

Now, therefore, if the said principal obligor shall prosecute its writ of error to effect, and pay all damages and costs if it fails to make its plea good, then this obligation shall be void, otherwise to remain in full force and effect.

OKLAHOMA GIN CO.,
By AMES, CHAMBERS, LOWE &
RICHARDSON, *Its Att'y's.*
T. E. ANDERSON.

The above bond is hereby approved this 12 day of March, 1917.

J. F. SHARP,
*Chief Justice of the Supreme
Court of Oklahoma.*

10 In the Supreme Court of the State of Oklahoma.

No. 7022.

OKLAHOMA GIN COMPANY, Plaintiff in Error,

v.

THE STATE OF OKLAHOMA, Defendant in Error.

Petition in Error.

Comes now the Oklahoma Gin Company, a corporation, plaintiff in error, and for its petition in error respectfully shows to the court that on October 10, 1914, the Corporation Commission entered an order in cause No. 1976 then pending before said Commission imposing a fine of \$500.00 upon this plaintiff in error for violating order No. 759 of the Commission fixing the price for ginning cotton in the town of Chandler, and on the same day said Corporation Commission entered a like order fixing a like fine for the violation of said order in causes No. 1977 and 1978, all of which were consolidated and tried as one cause before the said Corporation Commission.

Plaintiff in error respectfully shows to the court that said order No. 759 was an order made by the Corporation Commission of the State of Oklahoma fixing a price for ginning custom cotton in the town of Chandler at 50¢ for one hundred pounds of lint cotton and \$1.00 for bagging and ties. That this plaintiff in error operates a gin in the said town of Chandler, and that it did not comply with the order of said Commission, but charged more for ginning cotton. That three complaints were filed against it with the said Commission for a violation of said order and that it was cited for contempt on each of said complaints, being said causes numbered 1976, 11 1977 and 1978. That it appeared before said Commission and objected to its jurisdiction and power to make any order on said subject, and also to the reasonableness of the order previously made, and that at the said hearing evidence was offered, and the Commission sustained its order and fined this plaintiff in error \$500.00 on each of said complaints.

This plaintiff in error says that there was error in the record and proceedings before said Commission, all of which will appear more fully from the transcript of said proceedings and case-made hereto attached and referred to as a part of this petition in error, in the following particulars, to wit:

1. The said Commission erred in overruling the motion of this plaintiff in error for a new trial in each of said three consolidated causes.

2. The Commission erred in holding that the price fixed for ginning in the previous order was just and reasonable.

3. The Commission erred in holding that this company should gin cotton for less than the cost of the services.

4. The Commission erred in holding that it had jurisdiction to make or enforce said order No. 759 for the reason that this plaintiff in error is engaged in the business of ginning cotton for itself and for others; that its business is not such that the public must use the same or its service or the consideration by it given or take or offered, and that there are numerous other gins in the city of Chandler, Lincoln County, engaged in similar business and that the business of this plaintiff in error is not a matter of public consequence.

5. The Commission erred in holding that it had jurisdiction over the subject-matter and in this respect it shows that in entering said order No. 759 the Commission proceeded under Section 13 of the

Act of June 10, 1908, entitled "An Act to define a trust, etc."

12 (Revised Laws 1910, Sec. 8235), and the plaintiff in error says that said section does not confer power upon the Commission to make or enforce said order for the following reasons:

(a) Said section does not purport to confer jurisdiction over this subject upon the Commission.

(b) If said section be construed as conferring such jurisdiction it is void because the subject is not expressed in the title of the act as required by Section 57 of Article 5 of the Constitution.

(c) If said section is construed as conferring jurisdiction it is void because it conferred legislative, executive and judicial powers on said Commission in violation of Section 1 of Article 4 of the Constitution.

(d) If said section be construed as conferring said jurisdiction, it is in violation of Section 1 of Article 5 of the Constitution, which vests legislative power in the legislature of the state.

(e) If said section be construed as conferring jurisdiction it is void because it is an invalid and unconstitutional delegation to the Corporation — of legislative power which if it exists at all must be exercised by the legislature.

(f) If the said section be construed as conferring jurisdiction, it is in conflict with the Fourteenth Amendment of the Constitution of the United States.

6. Said order of the Commission is void and of no effect because it requires this plaintiff in error to gin cotton for less than the cost of ginning, and thereby takes its property without due process of law and in violation of the Fourteenth Amendment of the Constitution of the United States, and in violation of the Constitution of Oklahoma.

Wherefore this plaintiff in error prays that the said judgment and order of the Corporation Commission be held to be null and void and that the same be reversed and judgment here rendered for the plaintiff in error.

AMES, CHAMBERS, LOWE &
RICHARDSON,
Attorneys for Plaintiff in Error.

13

Complaint for Citation.

Corporation Commission of Oklahoma.

Cause No. —.

In re Information of J. E. OSBORN, Plaintiff,

vs.

OKLAHOMA GIN COMPANY, a Corporation, Defendant.

Alleging Violation of Order No. 759.

Complainant states that:

1. That he is now and has been at all times herein mentioned, a resident in good faith of the county of Lincoln, State of Oklahoma, and is by occupation a farmer.

2. That the defendant is now and has been at all times herein mentioned engaged in the cotton ginning business, and owning and operating a cotton gin and doing custom ginning for hire at the said city of Chandler, in said county and state, and that as such ginner, defendant is subject to the provisions of the laws of the state of Oklahoma, relating to public business, and the control thereof by the Corporation Commission.

3. That the said defendant has violated the said Commission's Order Number 759, in that heretofore on the 19th day of November, 1913, the defendant did then and there wilfully, wrongfully and unlawfully charge, take and receive an excessive price for ginning, furnishing bagging and ties and baling a bale of cotton in this towit: That this plaintiff caused to be ginned, wrapped and baled at the defendant's gin a bale of cotton weighing 267 pounds, for the ginning, wrapping and baling of which defendant charged, took and received of and from the plaintiff the sum of \$2.00, the same being in excess of 50 cents per hundred pounds of lint cotton ginned, and the cost price plus 15% of the bagging and ties furnished, and the 14 same being also in excess of \$1.15 per pattern for such bagging and ties furnished.

Wherefore, the Complainant prays that the aforesaid defendant be cited under the provisions of Chapter 18, Art. III, Session Laws of 1907-'08, to answer the charges herein, and that after due hearing and investigation, an order be made assessing against defendant such penalty as the facts may warrant, and in the judgment of the Commission is proper, and for such other and further order as the Commission may deem necessary and just in the premises.

J. E. OSBORN, *Complainant.*

Subscribed and sworn to before me this 22nd day of January, 1914.

A. E. PATRICK,
Notary Public.

My Commission expires 2-8-'14.

15 Before the Corporation Commission of Oklahoma.

Cause No. 1976.

Citation No. 483.

In re Information of J. E. OSBORN, Chandler, Oklahoma,
Complainant,

vs.

THE OKLAHOMA GIN COMPANY, Defendant.

Violation of Order No. 759.

Return of Defendant The Oklahoma Gin Company.

Comes now The Oklahoma Gin Company the above named defendant and for its return to the citation issued upon it in said cause to show cause why a fine should not be assessed against it for a violation of Order No. 759 heretofore issued by the Commission, respectfully says:

It admits that on November 19th, 1913, it charged J. E. Osborne, the complainant, in said cause \$2.00 for ginning a bale of cotton weighing 267 pounds, and that this was in violation of the order of the Commission, No. 759, but in this respect it respectfully shows that said order No. 759 is invalid, unjust and unreasonable in the following particulars:

First. Said order fixes the price for ginning cotton upon the gins of the defendant in Chandler, Oklahoma, at fifty cents per hundred pounds of lint with a minimum charge of \$2.50 per bale, and requiring the defendant to furnish standard bagging and ties not to exceed fifteen per cent above the wholesale cost thereof, with a minimum charge for bagging and ties of \$1.00 per bale, and a minimum charge for the year 1913 of \$1.15 per standard pattern. This
16 defendant says that the price fixed by the Commission is less than the cost to the defendant and less than the reasonable value of the service, and that if the defendant is required to gin cotton for customers at the price and upon the terms fixed by the said order that the result will be that the defendant will be deprived of its property without due process of law, and in violation of the Fourteenth Amendment to the Constitution of the United States.

Second. This defendant respectfully shows to the Commission that it is and was without jurisdiction to make or enforce said order No. 759 for the reason that defendant is engaged in the business of ginning cotton for itself and for others; that its business is not such that the public must use the same or its services or the consideration by it taken or given or offered and that there are numerous other cotton gins in the city of Chandler in Lincoln County, Oklahoma, engaged in similar business and that the business of this defendant is not

a matter of public consequence and therefore the Commission has no jurisdiction over it.

Third. This defendant further shows that the Commission in entering said order No. 759 proceeded under Section 13 of the Act of June 10, 1908, entitled "An Act to define a trust, monopoly, etc." and this defendant says that said section does not confer power upon the Corporation Commission to make and enter said order No. 759 for the following reasons:

(a) By the terms of said section it does not purport to confer jurisdiction over any subject upon the Corporation Commission.

(b) If the said section be construed as conferring jurisdiction upon the Corporation Commission over the subjects therein enumerated, said section is void because the subject is not expressed in the title of the act as required by Section 57 of Article 5 of the Constitution.

17 (c) If said section is construed as conferring the power therein described on the Corporation Commission it is void in that it confers legislative, executive and judicial powers upon the commission in violation of Section 1 of Article 4 of the Constitution of Oklahoma.

(d) If said section be construed as conferring the power therein described upon the Corporation Commission it is in violation of Section 1 of Article 5 of the Constitution of Oklahoma which imposes the legislative authority of the state in the legislature of the state.

(e) If said section be construed as conferring the power therein described upon the Corporation Commission it is void because it is an invalid and unconstitutional delegation to the Corporation Commission of legislative power which if it exists at all must be exercised by the legislature itself.

(f) If said section be construed as conferring upon the Corporation Commission the power therein described said section is in conflict with the Fourteenth Amendment of the Constitution of the United States.

Wherefore this defendant prays that the Commission will hold said order No. 759 invalid, unjust and unreasonable and that it may be discharged from this citation for contempt.

AMES, CHAMBERS, LOWE & RICHARDSON,
Attorneys for Defendant.

18 Commissioner Watson: I presume you gentlemen all understand this case.

Mr. Ames: Yes sir, these gentlemen are all witnesses.

Commissioner Watson: It is a citation case. The defendant is called upon to show why they should not be fined for violating an order of the Commission.

Mr. Ames: Yes sir. We will ask that Mr. Owen may be sworn as a witness.

Commissioner Watson: All the witnesses will stand up and be sworn.

(Witnesses are sworn.)

Mr. D. R. OWEN, having been first duly sworn, testified as follows:

Mr. Ames:

Q. Mr. Owen, the charge against you here is that you violated order 759 of the Commission by charging Mr. Vincent more than the price fixed by that order for ginning a bale of cotton. Is it true that you made that charge?

A. It is.

Q. You are the owner of a gin in Chandler?

A. Yes sir.

Q. How long have you owned a gin there?

A. I built the gin first in 1893, the summer of 1893.

Q. Were there any other gins in Chandler at the time you built that one?

A. No sir.

Commissioner Watson: Now gentlemen I don't see there is any need of going on with this case any further if the defendant pleads guilty to the citation.

Mr. Ames: We want to make a record. We admit violating the order, but we claim the order is invalid.

Commissioner Watson: This is not the case to do that. The former case when the order was made was the time to do that.
19 Mr. Ames: Well the Constitution provides that in a hearing on citation for contempt that it is the duty of the Commission to inquire into the validity as well as the reasonableness and justness of the order and the reason we have for offering evidence at this time is to show that the order is invalid and unjust and unreasonable and this is the only chance we have to do that.

Commissioner Watson: The opportunity was given in former case.

Mr. Ames: There is no appeal from the order of the Commission in the former case, so we have to make a record now and review the order of the Commission in the Supreme Court.

Commissioner Watson: I am not exactly clear on that point. Nevertheless I am still of the opinion that in the other case would have been the case to show that evidence and not in this, but, however, you might proceed with this and we will ascertain later on what course the Commission will pursue or take in it.

Mr. Ames: Very well.

Commissioner Watson: It is not any desire on my part to take any stand that is not legal at all, but to comply with the law all the way through.

Mr. Ames: Yes sir, in this class of cases there is no appeal provided from the Commission on the original order. The only way that an appeal can be taken is by a violation of the order and then a hearing on the charge of contempt as to whether the order is valid and then from the order of the Commission then fixing a fine for violation of an appeal will lie to the Supreme Court, which will then review the reasonableness of the order.

Commissioner Watson: All right.

Mr. Ames:

Q. Were there any other gins in Lincoln County at that time?

A. There was one built by Mr. Gravette at Arlington the same year I built in Chandler, the two first gins in the county.

20 Q. Have you been in the gin business in Chandler continually since that time?

A. Yes sir.

Q. How old a man are you now, Mr. Owen?

A. I am 58 years old.

Q. How many gins are there in Lincoln County at this time. You can look at that memorandum there.

A. I would have to look at that. I couldn't say off-hand. Forty-five gins according to the Government report here.

Q. How many of those are idle?

A. There is eight idle gins in the county.

Q. How many gins are now in Chandler?

A. There is five gins in Chandler.

Q. Are you familiar with the detail of the construction of those various gins in Lincoln County?

A. Yes sir, reasonably familiar with the construction of all of them.

Q. Who built the gins in Chandler after yours?

A. The second gin that was built in Chandler was built by a man by the name of Zimmerer, known as the stone gin; then the third gin that was built in Chandler was built by myself again in 1898 when the railroad come through there. It is known as the round bale gin. And the fourth gin that was built in Chandler was built then by J. F. Rooney and a man by the name of Taggerson in about 1892 or '3. The fifth gin was built by the farmers and merchants I think about 1895 or '6.

Q. 1895 or 1905?

A. 1905, yes sir, that is approximately the date of it. Now I am not right accurate about that. And the sixth gin was built by the Farmers' Union, one or two years later, I think it was built in 1906 or 1907.

Q. That makes six gins that have been built in Chandler?

A. Yes sir.

Q. And five are there now?

A. Yes sir.

21 Q. What became of the other one?

A. The Farmers' Union went bankrupt with their system of gins and it was sold under a mortgage and it went into the hands of the Chandler Cotton Oil Company; being no further use for it, it being a surplus gin, it was moved from Chandler two years ago.

Q. How many gins did the farmers organization build in Lincoln County?

A. I think they built about eleven or twelve.

Q. About when were those gins built, 1906 or 1907?

A. I think that was about in either 1906 or 1907. I think it was 1907 they were built, about seven years ago, six years ago.

Q. Do you know of any gins that have been built in the county since these gins were built by the Farmers' Union association?

A. I don't call to mind now a single gin that has been built in our county in the last five or six years, a new gin complete.

Q. Now with reference to the general construction of gins, I will ask you to state whether or not they were built by—whether any of them were built by the owners of cotton seed oil mills?

A. I think there was one gin built by a cotton seed oil mill at the town of Merrick.

Q. That was built by Mr. Coyle of Guthrie?

A. Yes sir.

Q. The other gins then in Lincoln County were built by ginners?

A. Yes sir.

Q. As ginning propositions?

A. As ginning propositions, yes sir.

Q. They were not built incident to the purchase of cotton seed by the oil mills?

A. No.

Q. Now Mr. Owen, I will ask you to state whether this paper which I hand you is a memorandum showing the cost of ginning at one of your plants in Chandler for the season of 1912-'13?

22 Commissioner Watson: Is that evidence put in the other record.

Mr. Ames: I don't think it was in this form. There was some evidence in the other record, but not in the way that you could see it clearly.

The Witness: This is a statement of the expense of the ginning of what is known as our South gin in Chandler last season, 1912-'13.

Mr. Ames: I will ask that that be filed.

Commissioner Watson: Now read that out and let's hear what it is before—or let me see it. Read it out.

(Mr. Ames proceeds to read the paper.)

Commissioner Watson: What is that "Salaries" for there, and then "labor" following it.

The Witness: That is for manager and bookkeeper.

Commissioner Watson: They don't come in the class as labor?

A. No, it is not rated as labor there.

Q. Well should they be classed as "labor" or not?

A. It comes in as an expense of operation of the gin. That is the way we figure it.

Q. What is that, the bookkeeper and what, manager?

A. Manager, yes sir.

Q. Does all gins have bookkeepers?

A. I don't know of a gin in our community but what has a bookkeeper and a weigher.

Q. And a manager?

A. Yes sir.

Q. I have run a many a one and never had a bookkeeper in my life. I have always done that myself. Go ahead.

(Mr. Ames reads paper.)

Commissioner Watson: What is the last one.

Mr. Ames: Drayage.

Commissioner Watson: What is that for.

The Witness: That includes all drayage about the plant in hauling cotton seed.

23 Q. That comes in as cotton seed plant and not a ginning expense.

A. We have it in the expense of operating the plant.

Q. That couldn't go in with the ginning expense. I never heard of a dray being operated with a cotton gin. Go ahead, the next one.

(Mr. Ames reads further.)

Commissioner Watson: Hold on, water and light oils and supplies. Do you run night and day?

The Witness: We run part of the time at night last year.

Commissioner Watson: Pretty heavy expense for that. Go ahead.

(Mr. Ames reads further.)

Commissioner Watson: Now we have costs submitted to us from gins in the southern part of this state where they gin the cotton 500 pound bale at 50 cents a hundred and then wrap it at \$1.00 a bale and they claim they are making money at it. That is their regular price and that is all they—they fix a price themselves and that is all they ask the people to pay. Now in Georgia in Cobb County they gin and wrap a man's cotton there, 500 pound bale at \$2.50. They fix the price themselves and that is all they ask and they raise as much cotton there in that county as they raise in Lincoln County, if not more. But at no place south of the Rock Island railroad in this state have we heard of their charging more than \$3.50 a bale for ginning and wrapping a bale of cotton and I don't see why it should cost any more in Lincoln County, where there is as much cotton raised in Lincoln possibly as there is — any other county of the same size south of the Rock Island Railroad. Go ahead.

Mr. Ames:

Q. Now this shows that it cost you for the season of 1912 \$4.10 per bale to ginning. Those figures are correct, are they?

A. They are.

24 Commissioner Watson: There is a great many of those accounts put in there unreasonable and unjust and should not apply to that.

Mr. Ames:

Q. Now was this the gin at which Mr. Vincent—about which he makes the complaint?

A. The same gin, yes sir.

Q. Have you the figures on this gin for any other years?

A. I didn't get them up for any other year excepting the last year. Of course that was directly in connection with this case.

Q. Well now I will ask you to state whether you can gin cotton at the price fixed by the Commission at Chandler?

A. According to the figures that we have compiled from last year we cannot and come out even.

Commissioner Watson:

Q. Now supposing you make different figures on that. The question was asked you, could you afford to gin cotton for the price. You answered as to the figures compiled. Now answer the question direct. Can you afford to gin for that?

Mr. Ames: Yes sir, can you gin for that cost?

A. No sir.

Commissioner Watson:

Q. Well now answer the question as put to you. Can you afford to gin for the price fixed by the Commission?

A. Well I want to just speak to the Judge.

Q. Well answer the question first.

A. No sir.

Q. That is all right, Go ahead now.

A. Now I want to explain, if you make me gin it for that of course I will have to do so whether I make money or lose money. I am in the gin business and expect to stay in. It is the buying and operation of a cotton business. I am in the cotton business as well as the gin business.

25 Q. If you would lose in the gin business you would make on the operation of the cotton and buying the seed.

A. I take my chances. We don't always make it.

Mr. Ames:

Q. The point that I am inquiring about, Mr. Owen, is whether you can gin cotton at the price fixed by the Commission without a loss?

A. We cannot.

Commissioner Watson:

Q. If these people do south of the Rock Island railroad you certainly can up where you have the advantage of them on fuel, where you use gas much cheaper than they can get fuel by using coal and wood.

A. They may be more experienced ginners than what I am.

Q. How long have you been into it?

A. Twenty years.

Q. You certainly must have had the same amount of experience that they have.

Mr. Ames:

Q. Now Mr. Owen, one of the reasons stated by one of the Commissioners at the former hearing why your cost of ginning was too high was that if you are doing custom ginning only it would not be necessary for you to have a suction feeder. I will get you to explain

whether it would be necessary to have a suction feeder if you were doing nothing but custom ginning, and if so, why?

A. The reason it is necessary to have a suction feeder is to assist the farmer in getting his cotton out of the wagon so as it will come to the gin more regular and thereby it will help in speedy ginning in getting it through faster. There are many farmers who don't know how to operate the suction and don't push it even if they do know how. They are slow about it and don't keep the gin supplied. It pays to have a suction feeder for that reason and other times that the farmer don't like to unload their cotton. Often we have to have our man unload it independent of the farmer. He will have it up on the platform and he will be up in the gin looking around. It is not practical to operate without a suction feeder.

26 Q. Do you know of any gin that does operate without a suction feeder?

A. I do not.

Commissioner Watson:

Q. Now as I understand by a suction feeder, you take the cotton direct from the wagon to the gin?

A. Yes sir.

Q. And it saves the expense of re-handling again?

A. That is really the only way you can gin custom cotton is to take it out of the wagon.

Q. Well it is so much more convenient and saves expense of handling?

A. I don't know of a gin in our section, there may be some, that store cotton for customers.

Q. But isn't it less expensive to take it right from the wagon and put it into the gin and not have to handle it the second time?

A. It probably is a little less expense.

Q. That is what I thought. Go ahead.

Mr. Ames:

Q. I notice in this exhibit that you have offered that you ginned that season 2,289 bales, of which 705 were ginned for customers. I will get you to state whether or not the cost of ginning, if you were ginning entirely for customers, would be more or less than the cost of ginning as you conduct your business?

A. It would be more.

27 Q. Why?

A. Because we would not do the volume of business.

Commissioner Watson:

Q. You would do what?

A. We would not do the volume of business.

Mr. Ames:

Q. Is there any advantage in ginning for yourself in keeping the

gin supplied constantly without having to clean out your machinery between bales?

A. There is an advantage in that.

Q. Would it take more time per bale if you were ginning entirely for customers than it does when you are doing your own ginning?

A. It does take more time.

Q. And of course, taking more time, would cost more money?

A. Yes sir.

(Marked paper as Def't Ex. "A".)

Commissioner Watson: That can go in for what it is worth. I don't think there is some of those things connected with the ginning business, but with the seed business. Some other expenses could be connected with the seed business that is charged up to the ginning business.

(Whereupon the said statement was marked for identification as Def. Ex. "A", made a part of the record in this case and is in words and figures as follows, towit:

28

(DEF. EX. A.)

Gin located at 302 West 15th St. Chandler, Okla.

Owned by D. R. Owens.

Original cost of plant \$7,500.00.

Depreciation is figured at 8 per cent and the cost of repairs is omitted entirely. All items figured in cents per bale.

	Season.		
	1910-'11.	1911-'12.	1912-'13.
Depreciation at 8 per cent.....7621
Lubricants	
Stationery and Office Supplies, telephone, etc.....0867
Fuel4413
Covering80
Salaries5653
Labor	1.1228
Taxes0753
Insurance on Plant.....1206
Drayage3310
Water and Light, oil & supplies1092
Incidentals	
Operating Repairs.....2860
 Total Cost per bale.....	4.10
 Total number bales ginned.....	2289
Number ginned for custom.....	705

STATE OF OKLAHOMA,
County of Lincoln, ss:

I solemnly swear that the foregoing statement is true.
[SEAL.]

Subscribed and sworn to before me this — day of —, 1913.

_____,
Notary Public.

My Commission expires — — —, — — —.

NOTE.—By "Operating Repairs" is meant the ordinary repairs made during the operating season, caused by breakages incident to operation, such as replacement of fans, fan casings, spiders, etc. Distributors belts, repairs and replacement of pumps, boiler tubes, belts, pulleys, etc.

29 Mr. Ames: That is all, Mr. Owens.

Commissioner Watson:

Q. Mr. Owen, how many hands do you use in ginning cotton at your gin, this gin in controversy that you speak of.

A. We use an engineer, we use a ginner, we use a press man, a packer man, a suction feeders, a seed hauler.

Q. What is the last?

A. Seed hauler.

Q. Seed hauler?

A. General roustabout about the gin.

Q. Now what does the seed hauler do?

A. He hauls the seed.

Q. Hauls seed to the mill?

A. Yes sir. About half of his time now is occupied in hauling away hulls we would catch out of the customer's seed.

Q. You have got seed carriers that carries the seed off into the seed house?

A. Yes sir.

Q. And this man hauls it from there into the oil mill?

A. Yes sir.

Q. What do you pay him?

A. I furnish my own team and pay him \$1.50 a day, but there is other gins in town hiring their seed haulers.

Q. That is where they deal in seed?

A. Yes sir.

Q. Now the packer—

A. You wanted this seed hauler charged off, you are not going to allow us to run that against our ginning expense, but how are we going to get our hulls out of the house from this rough picked cotton that is coming in now from the farmer. We take two and three loads a day away of that. Then we have to have a team to accommodate our farmer customers.

30 Q. But you don't charge the same for boley cotton that you do for this other cotton?

A. We don't aim to gin boley cotton at all.

Q. But when you do you charge an additional price to what you do for ginning the regular cotton?

A. Yes sir.

Q. And you don't have the boley cotton all the time and a man to haul hulls away all the time.

A. About a third of the time.

Q. That is, when you have boley cotton?

A. No, the cotton that is coming now. They will get two or three big loads of hulls in a day's run. We ginned 18 bales last Friday for custom and we hauled three loads, on Monday we ginned 18 custom bales and hauled three loads of hulls.

A. Can't you use these hulls in fuel?

A. No, we are burning gas. It has got to be gotten away and it makes an expense and you have got to have a team there to get that away.

Q. What would it cost you to hire that hauled?

A. Well it would cost an average of \$1.50 a day. A man would take three loads and charge 50 cents a load for hauling that away.

Q. Could you hire a man to haul that off any less than 50 cents a load?

A. That is the regular price up there for drayage.

Q. I have ginned a heap of cotton and never had to haul any hulls away in my life?

A. Well the high cost of living in later years would probably have something to do — that.

Q. That is probably it. They don't live on hulls though. What do you call the packer?

A. The fellow that runs the packer that condenses the cotton.

31 Q. That is a packer and a pressman combined?

A. No sir, it is called the packer.

Q. Now you just have two men at the press?

A. Yes sir.

Q. What do you pay those?

A. Two dollars apiece.

Q. Now the ginner, what do you pay him?

A. \$3.00.

Q. One ginner?

A. Yes sir, using two ginners now.

Q. Are you running day and night?

A. No sir.

Q. Why do you use two ginners?

A. Because this cotton is so roughly picked that we can't run more than half our capacity if we only used one man. He can't get the cotton through.

Q. That is the boley cotton?

A. Now, you don't understand the boley cotton.

Q. Suppose you take ordinary cotton in the fall, how many ginners do you use then?

A. One.

Q. And you are ginning ordinary cotton when you ginned this man's cotton that you charged this price?

A. Yes sir, but——

Q. You have to use more now?

A. Yes sir.

Q. What do you pay your engineer?

A. \$2.50.

Q. How many bales of cotton do you gin in the fall a day in the regular cotton before the boleys come in.

A. In the fore part of the season why we will gin about 25 bales.

Q. 25 bales?

32 A. 27 and 8 some days.

Q. And what do you charge for that?

A. \$4.00.

Q. That is \$100.00 a day.

A. Yes sir.

Q. Well now of course we don't count anything in your draying on seed or anything of that kind. That is an outside business. Your operating expenses for labor then is \$11.00 a day. What is your fuel?

A. Well our fuel you know is based on a sliding scale, the first 200,000 feet of gas costs 25 cents a thousand, the next 300,000 costs 16 cents.

Q. How many thousand feet you use a day?

A. We will run 50 to 60 thousand.

Q. 50 or 60 thousand?

A. Yes sir.

Q. Well say 55,000 would be an average?

A. Some days we use more than that and other days probably not so much.

Mr. Ames: The average fuel cost as shown by this statement is 44 cents.

Commissioner Watson:

Q. 55,000 would be an average?

A. That wouldn't miss it very far?

Q. Well now for the first lot you pay 25 how many thousand feet.

A. 200,000.

Q. You pay 25 cents for that, do you?

A. Yes sir.

Q. And then that makes 400,000. Then what do you pay for that?

A. The next 300 we pay 16 cents.

Q. Then that leaves 100,000, then what do you pay for the next 100,000?

A. The next ratio is 11 cents.

33 Q. 11 cents. That is 100,000 at 11 cents; makes your fuel cost you \$9.10 a day at these figures?

A. Well I never figured it out just in that way.

Q. How many tons of coal would it take to do that work?

A. I don't know how many. We never burned so much coal. We burned wood principally before we put gas in there.

Q. Do you think it is cheaper to burn gas than wood?

A. It is not cheaper to burn gas than wood, but it is a great deal handier.

Q. Well your bill is \$9.10 a day. Now what is your oil expense?

Mr. Ames: The witness is not testifying to that.

Commissioner Watson: Yes, he is testifying to that. Yes he is testifying to that.

Mr. Ames: No, I beg your pardon.

Commissioner Watson: He is agreeing to it.

Mr. Ames: No he is not.

Commissioner Watson:

Q. Is there anything additional in the cost of gas for fuel to that. I am just making the figures here as you call them out.

A. We just burn gas exclusively now.

Q. And as stated here and at the price given here?

A. Yes sir, that is the price. That is the schedule that we use gas on. When we first started up in the fore part of the season we burned wood, then we would drop off of gas in the wind-up of the season and burn wood again.

Q. How much oil do you consume a day?

A. I couldn't answer that definitely Colonel, because our statement shows what our bill of oil was for the season.

Q. Well give an estimate about what oil would be a day there at that gin?

A. It would merely be a guess at it.

Q. You have used so much that you could almost guess accurately couldn't you?

34 Mr. Ames: There is that statement there in front of you.

Commissioner Watson: That statement I don't think is correct.

Mr. Ames: The witness has sworn it is correct and there is nothing here to show it is not.

Commissioner Watson: This is water, light and oil supplies 10 cents a bale.

Q. Now where do you get your water from?

A. From the City.

Q. What do you pay for it.

A. We pay it on the schedule of rates, on a sliding scale.

Q. How much do you use a day?

A. I am not able to answer that intelligently because our bills show what we have paid for water and that is what we have compiled this on.

Q. Then you ought to be able to state how much you use a day if your bill shows it.

A. This bill shows here.

Q. Now I am getting at it in another way now.

A. I see you are.

Q. Yes.

A. Now I would have to make an estimate of these three items there to make it equal 10.92 cents.

Q. Oil and gas and light.

A. Water and light, oil and supplies is the way we have got them itemized. They are together there.

Q. What does that word "supplies" embrace?

A. That means sundries of different kinds we have got.

Q. You say it amounts to 11 cents a bale?

A. Right at 11 cents. I want to tell you this year our experience of water up there. We have prepared to use from the city. The city supply gave out and we were notified we had to shift for ourselves. We went to work and put down an extra well in connection with Mr. Rooney there. We put down two wells. That was at an expense of some \$75. We sent here to the City and got the pumps. We was out for the two something over \$150. That wasn't satisfactory and after that we had to make different arrangements and go to the Creek. After the rains they still wouldn't furnish us with water. They are supplying the city with shallow wells.

Q. Now that report shows it is about 11 cents a bale. That is oil, light and additional supplies, and water?

A. Yes sir.

Q. 25 bales a day would make \$2.75, would be the expense of those items; that would be correct, wouldn't it?

A. Yes sir.

Q. Now is there anything else in addition to that. We have got the fuel and we have got the water, oil and lights.

A. Well have you got our insurance, are you fixing up there to find out what is going to be our expense for a single day's operation.

Q. Yes sir, what is your insurance per year?

A. It shows that our insurance was 12.6 per bale.

Q. Well how much is that a year.

A. You will have to figure it out on 25 bales.

Q. Now I am not getting it by the bale. I am getting it by the year?

A. You are computing there on the 25 bales.

Q. Now, I am computing up where your insurance is by the year. You take it out by the year?

A. Yes sir.

Q. How much is it a year?

A. I can't say just off-hand what it is. I think we carry \$3,500 on this plant at a rate of \$3.75.

Q. \$3.75.

A. Yes sir, and then on the cotton at the same rate, but that is

taken out for a shorter time. That covers our total insurance. This customer's cotton at our place is all covered by insurance.

36 Q. How many bales of cotton did you gin last year?
A. 2289. The number gin-ed for custom is 705.

Q. What?

A. The number ginned for custom, as a custom gin, is 705.

Q. What have you got there the cost per bale?

A. \$4.10.

Q. No, but the insurance?

A. 12.03, practically 12 cents. That covers boiler insurance and accident insurance, cotton insurance and property insurance.

Q. 12 what, 12.60?

A. Yes sir, 12.06.

Q. That would make thus far your operating expenses about \$23.00 a day or a little less and your income \$100.00 a day. Now what else have you got to take in there. We have got the insurance and cost of labor and fuel and water and lights?

A. Well I have got this whole list there to go in.

Q. I know you have got it there, but I am getting it in a different way.

A. I will tell you an incident, a fellow came there Tuesday morning with a load of cotton after a rain. He hauled it in with four teams and wanted us to gin it. We offered to buy it in the seed and told him it wouldn't gin well. We started in at one o'clock and we got it out a quarter after three with his bale of cotton. He hauled the seed away and sold it to our opposition and tried to hold us up on the price of the lint because it was a very low grade. Now you figure that up and see what we made on it.

Q. What was that caused by?

A. Caused by the wet weather such as we have had this year. Now you make an estimate of that kind. You are taking an estimate on very favorable conditions.

37 Q. You could have refused to gin that cotton until he dried it?

A. He come there and rode under our chute.

Q. Couldn't you have said to him, "I can't gin the cotton in that condition?"

A. He insisted on having it ginned. We didn't want to start in on it.

Q. You could have turned it down and said I can't make expenses in ginning cotton of that kind.

A. And then the fellow could have him to go to the other fellow the next time.

Q. If they all do that they will take care of their cotton.

A. Do they do that. We want expenses out of this while we are taking them up.

Q. You can't make expenses ginning wet cotton and charging it up to another man on dry cotton.

A. We don't want to drive him out of our section.

Q. If you can't gin it you ought to tell him.

A. It seemed reasonably dry, but when we got down to the bottom it was wet. Now that is the conditions we get up against.

Q. We all run up against these conditions in every business in life, not all dry days, some wet days occasionally and the farmers run up against them and everybody else runs up against them. And that is one of the conditions in life.

A. 12 to 18 bales a day is the best we can do.

Q. You are doing mighty well at that.

A. Now this was a customer's bale and we got nothing now only the \$4.00 we are charging.

Q. Now is there anything that you can add to this to make this any more?

A. I can add these items we have got here, depreciation.

Q. Well now how much is that 26.21 cents per bale?

A. Yes sir.

Q. Pretty heavy depreciation, I would think without going into it. It would take sometime to go into it, but let's see.

Mr. Ames: That is what the commission said was a correct basis to figure on.

38 Commissioner Watson: It is what?

Mr. Ames: It is what was said by the Commission was a correct basis to figure on.

Commissioner Watson: How much have you got it there?

Mr. Ames: It was figured at 8 per cent.

The Witness: 26.21 cents, there. Stationery and office supplies, telephone etc. 8.67 cents per bale.

Commissioner Watson: Telephone and what? Office supplies?

A. Yes sir.

Q. What does that consist of?

A. It consists in books and supplies to run the office and keep records, etc., and telephone expenses.

Q. How much a bale?

A. 8.67 cents, telephone and etc, like that. That means there is other sundries runs in there to make it besides stationery and office supplies.

Q. That is a terribly stiff expense bill for one season in office supplies, \$264.00.

A. There is considerable other—

Q. You must use a terrible amount of stationery.

A. We have nothing added in for incidentals in this and that includes some incidental stuff that has been gotten.

Q. We would like for you to look that up today. That \$264.00 a year for telephone and your office supplies is a terrible bill looks to me like. And how many months do you run a year?

A. Usually from the first of September and wind up the first of April.

Q. About six months or a little better?

A. Yes sir. That is, we keep the gin open that long. Have to do it in order to get the business, as long as there is anything coming.

Q. That would be a little over \$44 a month for telephone and books and stationery?

39 Mr. Ames: You have it figured wrong.

Commissioner Watson:

Q. And if your other bills are in proportion to that you are terribly out of line.

Mr. Ames: Your mathematics are wrong.

Commissioner Watson: Figure it any better.

Mr. Ames: It was \$240 for the total.

Commissioner Watson: No, \$264.

Mr. Ames: 12 months.

Commissioner Watson: No, it shows telephone six months.

The Witness: The telephone is in by the year.

Commissioner Watson:

Q. What does your telephone cost you a month?

A. I think it is \$3.50 with an extension bell.

Q. That is terrible expense there somehow or another. If your other bills are in proportion to that you are terribly out of line. Well go ahead with your next item.

A. Fuel is our next item on here. You have that figured.

Mr. Ames: You didn't figure that right before. The fuel you have it in cents per bale. The Commissioner figured it much less than you have it there.

A. I understand that. That is the reason I made that illustration a little bit ago, we put in two hours and most a half on.

Commissioner Watson:

Q. That is just only occasionally and you had no right to take that.

A. I gave you the extreme the other way. You are figuring on very favorable conditions. The average cost of that fuel per bale last season was 44.13 cents per bale. That included all the gas we burned and that is considerable of wood in the starting and winding up of the season.

40 Q. How many, 44 and what?

A. 13.

Q. How many cords of wood do you use a day when you use wood at that gin?

A. About 5 cords.

Q. What would that cost you?

A. \$2.50 a cord.

Q. Well now how much cheaper is gas than wood.

A. It is some little cheaper, not very much.

Q. 40 per cent cheaper?

A. How much.

Q. 40 per cent less to use gas than wood?

A. Oh no, it is not no 40 per cent less.

Q. How much would it?

A. It won't be any cheaper at all on the first 500,000 feet, than wood will, but when we run over that by the month, when we get to burning 11 cent gas it gets cheaper to use gas.

Q. How much cheaper per month, what per cent?

A. I am not able to say definitely. We are not using wood regular now. When we first start in, we ginned in August this year, a little cotton in August. We didn't turn the gas on because we would have burned 25 cent gas per thousand during that time and run maybe a couple or three hours a day. We fired up with wood at that time because it is cheaper to burn wood in the early starting and then last of the year if we get scattered ginning in the wind-up we burn wood again and the hulls. It runs into money mighty fast when you burn 25 cent gas and only burn just a little of it in a month, run a few days.

Q. At your expense per bale there 44.13 cents, it would cost you \$1,000.0716 to gin the cotton you ginned last year for fuel?

A. That is what we have stated it in our estimate on fuel before your hearings up there and the plaintiff said that wasn't right, said that was too high, but they didn't show any figures to contradict us.

This is figured out, instead of a lump sum, this is figured out
41 per bale this statement is.

Q. Have you got any of your gas bills?

A. Not here.

Q. Would you send your gas bills for this gin a month say the first three months of this year?

A. The first three months of this year?

Q. Yes sir.

A. Yes sir, we can get that.

Q. We would like to have that. Well go ahead.

A. The next item we have got on here is for covering, bagging and ties 80 cents a bale.

Q. That was included in with the \$4.00 per bale?

A. Yes sir, and that is cheaper than if we had not bought on a contract earlier in the season. That is cheaper than we could have bought as the market ran along last year. The next item here is salaries.

Q. I have got that.

A. And labor.

Q. Yes sir.

A. Here is taxes 7.53 cents.

Q. Per bale?

A. Yes sir.

Q. What is that gin assessed at?

A. I don't now. We taken this off of the books, the tax receipts here.

Q. Well you send us the assessed value of that property?

A. I think we can.

Q. All right, would be glad to have it.

A. But you wouldn't know how to figure that out. I give in my gin machinery as personal property and I gave the lots and buildings

in as real estate, the year before that I gave it in all as real estate and the state Board of Equalization raised town lots 42 you know 75 per cent and put us to the bad. I thought I would head that off two years ago last spring by putting my machinery in as personal property.

Q. What do you think that you pay in taxes on that property a year?

A. Well you can compute that.

Q. Well but I want you to get at it in a different way on that. What do you pay on that?

A. It would run around \$160 or \$175.

Q. All right now we will see, at 7.5 cents per bale it would amount to \$1.875 a day taxes and \$1.875 a day for taxes and you gin say six months in the year. That would be six months in the year 26 days to the month for six months?

A. Well Judge Watson——

Q. Does the county clerk compute his taxes on the six months in the year where you are charging that up so much per bale for cotton and you only gin six months in the year?

A. Yes, but the county clerk won't let us pay so much for the six months.

Q. I say you have it charged up this way.

A. It has got to be that way. It is so much expense and we can't get away from it.

Q. That is the way I am figuring it?

A. That is the way we figured it.

Q. What was it you said you thought your taxes would be on that gin a year, your stands there?

A. It will run \$160 to 75, 25 bales at 7.5 cents, a fraction over 7.5.

Q. The way you have it computed here it would be \$292.50 on that sheet.

A. How do you figure it that way.

Q. It would be \$1.875 a day and you operate 156 days, which is six months, in the year?

43 A. You are taking the wrong view of it.

Q. I am taking it as you put it in there, so much a bale and so much a day.

A. You can't get out of paying your taxes only by the calendar year.

Q. I understand that, but you are charging up so much a bale here. I was taking the number of bales you are ginning a day and then compute your taxes on that per bale, as you have got it listed there.

A. It don't work out that way at all.

Q. Now that is \$292.50?

A. You multiply 2289 by 7.53 cents and it will get the amount of our taxes.

Q. I just took the number of bales you gin a day and then compute by the number you gin in six months and what it cost you at six months.

A. You are on the wrong track according to my idea of figuring.
Q. That is the way it figures.

A. We will leave that matter to Judge Ames to say whether that is the right or the wrong way to figure it.

Q. Well you say it costs you so much a bale?

A. Yes sir, we say that.

Q. And 156 days ginning, I just multiplied that together and you see what it makes.

A. Well you have got a gin and you are operating it and you have got so much taxes, for illustration, you pay \$175 taxes on that property and you gin 2,289 bales, how much is that going to make you per bale for ginning, your taxes, what is it going to run per bale?

Q. Well that is what I took here and that is what I get.

Mr. Ames: You figured on the basis of 25 bales a day for 156 days when he only ginned 2,289 bales, which would be about 15 bales a day.

Commissioner Watson: Well we will take it the other way then.

44 The Witness: Make the calculation, Mr. Clayton.

Commissioner Watson:

Q. What was it you had it?

A. 7.53 cents, 7 cents and 53 hundredths.

Q. Well that would make \$172.67.

A. That item is bound to be right. If I ginned 100 bales a day and ginned 23 days I would have ginned my 2,300. I came very near ginning 2,300 bales a year and I paid that much tax and my tax is then 7.53 cents a bale. You can't get away from it. If it had been all custom cotton and I hadn't bought any cotton of my own, I ginned 705 bales, I might have run a thousand bales of cotton and that would have been my limit, and then divided that into the taxes I would have had 16 or 17 cents a bale to show up for taxes. Doing a greater volume of business it brings my taxes down to 7.53 cents.

Q. Well now counting your taxes in \$1.875 per day would make the operating expenses run to \$24.875. Then you have \$75.125 left for profit?

A. Did you count bagging and ties in there?

Q. Yes sir, just counted in what you get for ginning and bagging and ties. And if a man can't make money by coming out above and over expenses \$75.00 a day why he had better land something else.

Mr. Ames: Have you any other questions?

Commissioner Watson: That is all for the present.

Mr. Ames:

Q. That is your own money you are spending over there?

A. Yes sir.

Q. You are not spending it wastefully so far as you are able to save it, are you?

A. No sir.

Q. You are not ginning an average of 25 bales a day, are you?

45 A. No sir.

Q. The total number of bales ginned was 2,289 that season and you operate about six months?

A. Yes sir.

Q. That would make your average about 15 bales a day?

A. Yes sir.

Q. How does the number of bales ginned that season compare with this season at that gin?

A. I don't think we will get within 70 per cent this year of what we got last year.

Q. The more you gin the less it costs per bale to gin, of course?

A. Yes sir.

Q. So that the cost of ginning this year will exceed \$4.10 per bale?

A. It undoubtedly will.

Q. How about the number of bales for that season as compared to your average. Have you averaged as much as 2,289 bales?

A. No sir.

Q. Your average cost of ginning is more than \$4.10?

A. Yes sir.

Q. And you keep it down as cheap as you can?

A. Yes sir.

Commissioner Watson:

Q. When you are not ginning you cut off—you don't have any fuel expenses. You are using gas?

A. No, we don't have any fuel expenses when we are not ginning.

Q. You don't have any water expenses?

A. No sir.

Q. No oil expense?

A. No.

Q. You don't have any light expenses only when you gin at night?

A. Well some light expenses; on dark evenings and mornings, they use lanterns in the gins. We burn a gas torch in the day-time most of the time.

46 Q. What is the capacity of your gin per hour?

A. Oh, about $2\frac{1}{2}$ bales.

Q. And 10 hours in a day you can gin 25 bales then?

A. Yes sir.

Q. And if you only gin 15 bales a day why you are at a great deal less expense for fuel and gas and water?

A. No sir.

Q. And lights?

A. No, that don't work that way.

Q. Why?

- A. Because there is less expense in covering.
Q. You don't have any gas expense?
A. We have just as much gas expense in ginning 15 bales now as we would 25 in the heat of the season.
Q. How do you make that?
A. Because you are running your engine all the time and getting out the same amount of load.
Q. That is now during this wet weather?
A. During any time of the season that your cotton is bad.
Q. But you haven't had this wet weather much along in September?
A. We have only had about two or three weeks of good ginning weather this year, in the beginning. Since that it has been almost continuously bad cotton.
Q. Those conditions don't come annually?
A. Not so bad as this year.
Q. This is an exceptional year?
A. Yes sir, you can figure our cost this year and it will run considerably higher than it did last year. Our overhead expense is practically the same and we have ginned so many less the number of bales.
Q. You buy seed you say?
A. Yes sir.
47 Q. What profit do you make on your seed?
A. The mill allows us about \$2.00 a ton.
Q. And there is a half a ton in each. bale?
A. Yes sir.
Q. And if you gin 15 bales a day you get 7.5 tons?
A. We would if we got all the seed.
Q. And if you gin 25 bales a day you get 12.5 tons?
A. Providing we get all the seed, but this year we have had opposition there in the seed business, very active fellows, the complainants in this case is to persuade every fellow to sell them the seed and when they wouldn't sell the seed they advised them to take them home and hold them and they would get \$30 for the seed later on in the season. Now seed is down and they have caught a good many of their friends up there. Maybe we would get two or three bales of seed.
Q. What does the mill pay there now?
A. \$22.00.
Q. And out of—last year you had about, out of 2,289 bales of cotton you had about 700 custom bales?
A. Yes sir, 705 the books show.
Q. The other was all your own?
A. Yes sir.
Q. Of course you wouldn't buy cotton unless you made a profit on it?
A. You can ask some of the other gentlemen about that, when a scrap is on we buy lots of cotton that there is a loss in.
Q. You occasionally do. We all buy cotton that way?

A. Yes sir, a fellow ough-n't to handle it at all without there is a profit in it, the same as it is with ginning.

Q. It is not the intention of anyone to handle anything unless they make a profit?

A. That is a fact. There would have been a many a bale 48 handled in Chandler gins knowing they wouldn't have— knowing they were going up against a loss.

Q. There can't anyone do that except the ginner, can he?

A. The other fellow don't tackle it quite so strong, but he will never run until he thinks there is a profit in it, until he will drop in and buy a few bales a day and set the pace. We are in the business, we have to take all that comes.

Q. He is fixing to unload on the ginner?

A. Yes sir.

Q. Does the ginner ever make anything by buying cotton and handling cotton in the seed?

A. Yes sir, he makes money at it. The history of some gins shows that they go broke.

Q. As a general proposition do they ever make anything by handling cotton in the seed?

A. Well I have made money by handling cotton in the seed. I can't speak for others. I know there is a good many of my associates years ago that have lost their gins to the oil mills where they have got competition from.

Q. They are not as good managers as you, likely?

A. I couldn't say about that.

Commissioner Watson: Anyone want to ask this witness any questions?

Mr. Ed. Coyle: I would like to ask the witness if in giving the cost of ginning per bale to the Commissioner if you included the salary of your manager. If so, I didn't catch the item.

A. We have got that figured in here in our items of expense per bale.

Commissioner Watson: He has got the salary of the manager and bookkeeper both figured in, but I don't see where that should come in. Now you have two gins in Chandler?

A. Yes sir.

Q. And you attend to them yourself?

49 A. No sir, I stay at this gin here where these figures are compiled on myself.

Q. You manage that yourself?

A. Yes sir and my son is bookkeeper and attends to the weighing and anything like that.

Q. Does he weigh anywhere else or bookkeep for anyone else?

A. No.

Q. Couldn't one man perform all that service?

A. He could if he had a light load of cotton.

Q. If he didn't have but 15 bales a day why he could, couldn't he?

A. But in order to get an average of 15 bales a day you have some days got to have an average of 40 or 50 bales of cotton around

your gin; on Fridays and Saturdays they would be around there so thick you can't do anything hardly, and Mondays and Tuesdays there is probably nobody around there.

Q. Those days you would gin more than 25 bales. Would have to do it to keep up?

A. No, you gin about the same average per day, but we store that cotton.

Q. That is the reason you say that your average is possibly about 15 bales a day?

A. Yes sir.

Q. Well with that amount why one man can do all the managing and bookkeeping and weighing?

A. He might if he is swift, but we haven't got that capacity, we are not that far along.

Q. Well I used to gin cotton and that is about what I got a day and my recollection is that I did all of it.

A. Yes sir, but you know the eight hour system has been put in vogue since then.

Q. That don't apply to the men that owns the gin.

A. No, mine fills up about 16 or 18 hours, my salary.

(Witness excused.)

50 Mr. W. J. ARTHUR, having been first duly sworn on behalf of the defendant, testified as follows:

Mr. Ames:

Q. State your name and residence?

A. W. J. Arthur, I live at Luther.

Q. And what is your business?

A. Farmer and cotton ginner.

Q. How long have you been in the cotton ginning business?

A. About 23 years I think.

Q. All of that time in Oklahoma County?

A. Yes sir, all of that time.

Q. Just state your experience, Mr. Arthur, in the cotton ginning business in this county. When you first built a gin and—

A. I built a gin first on my farm 12 miles north of town here. There was no gins in the county at that time. It was first organized, and there was one gin in Oklahoma City. Mitcher had a gin in Oklahoma City. I built the first outside of that in the county. I had it on the farm. We ran one year there and the next season I moved it to Edmond. There wasn't quite enough business and moved it to Edmond and ran one year in Edmond. It was just a small affair and that year the merchants there that same season, the merchants had a gin there a company affair and it fell through, broke, and I bought them out and we consolidated the two gins and I ran that gin for about 10 years, I think, there at Edmond and I built another gin at Luther in connection with a partner by the name of Adams and there was very little cotton raised at Edmond along about that time, not enough to justify a gin and I

moved it from there to where I thought there was more cotton at Carney in Lincoln County; moved the gin and made it a little larger and made some improvements on it and run that gin in connection with a partner there for I think about four sea-
51 seasons, when I sold that gin out, as it was too far away from where my farm was and I lived. I sold it out and built a gin at Arcadia. Then I had two gins, we had a partner at each one, one at Luther and one at Arcadia and as my partner was going to go into other business I sold the Arcadia gin out along about six years ago, five years ago perhaps and have just been running a gin at Luther for the last—since 1908—1890—since the Frisco railroad first came in there, I built another gin—no I am ahead of my story. When my partner and I dissolved at Luther the gin I built was bought up by an oil mill. I sold it to the oil mill and I built a new gin there four years afterwards and that is the gin I have at the present time.

Q. Have you any partners now?

A. No sir.

Q. You own your own gin?

A. Yes sir.

Q. Have you compiled your figures showing the cost of ginning cotton per bale at your gin?

A. For the last season, yes sir.

Q. Have you those figures?

A. Yes sir.

Commissioner Watson:

Q. The last season, What year was that?

A. 1912-13.

Q. Have you got one for 1912?

A. 1912-13, commenced in the fall of 1912 and run over into the Spring of 1913.

Q. Oh yes, I see.

Mr. Ames:

Q. Are you willing for that statement to be filed as an exhibit?

A. Yes sir.

Commissioner Watson:

Q. What kind of fuel do you use?

A. Coal.

52 Mr. Ames: Mr. Commissioner, if it suits you just as well, I would like to finish my examination and then let you ask all the questions you like.

Commissioner Watson: You can finish your examination, but I cannot permit this to be filed in the shape that it is in as an exhibit.

(Reporter marks Defendant's Exhibit "B" at the request of Mr. Ames.)

Commissioner Watson: You needn't put that down on there as an exhibit because it is not an exhibit.

Mr. Ames: Well I want this to go into the record so the Supreme Court can determine whether or not it is admissible.

Commissioner Watson: All right, go ahead.

Mr. Ames:

Q. Now this statement marked Exhibit B is a correct statement of the expenses of operating your gin for the season of 1912-13, is it, Mr. Arthur?

A. Yes sir.

Q. And shows a cost of \$5.01 per bale for ginning the 703 bales of cotton?

A. Yes sir.

Q. That is correct, is it?

A. Yes sir.

Q. Now we ask that this be filed as a part of the record in the case, subject to your ruling that it is not admissible.

Commissioner Watson: All right, just file it as a part of the record in the case. (Filed.)

(Whereupon, said exhibit having been marked for identification as Def. Ex. "B", same is introduced in evidence, made a part of the record in this case and is in words and figures as follows, towit:

(DEF. EXHIBIT B.)

*Statement of Ginning Business, at Luther for the Season of
1912 & 1913.*

Fuel used	246.00
Oil Supplies	30.00
Bagging & ties.....	523.25
Labor Ginning	1,115.80
Taxes paid	51.00
Insurance on Gin & Cotton.....	103.00
Drayage Loading Seed etc.....	120.00
Market Reports Tel. & Phone.....	49.00
Interest and exchange.....	140.00
Repairs & Betterments.....	195.00
Annual depreciation 5%.....	350.00
Interest on Investment.....	600.00
	\$3,523.05

This statement includes \$50.00 per month for personal Supervision during the ginning season—703 bales were ginned at a cost of \$5.01 per bale.

Q. In your ginning do you do both custom ginning and ginning for yourself?

A. Yes, sir, either way.

Q. You have had actual experience in operating your gins ever since the opening of Oklahoma, have you?

A. Yes, sir, ever since the first crop was ginned.

Q. I will ask you to state whether or not for your ginning for customers exclusively it will cost more or less per bale than the method on which you now handle it?

A. It would cost I think about 20 per cent more on account of the time lost in preparing for bales from one customer to another, making the change. For our own ginning we run that continuously where we are buying. Ginning custom cotton we have to run all the cotton out of the gin house, the feeders and then commence over again on the next man's bale. Our capacity of the gin would be about 20 per cent more.

Q. If a gin is being operated for customers only how many employees would be necessary?

A. It would take five employees. It would take a ginner, an engineer, two pressmen and a suction man.

Q. Would you need a bookkeeper?

A. We have to have a bookkeeper, yes, sir; a weigh-master, bookkeeper.

Q. Then if a gin is operated for custom would it require a bookkeeper?

A. Yes, sir, we would have to have it. The laws of Oklahoma require us to keep a count of everybody's bale and the land it is raised on.

Q. Now if a gin was operated for custom, it would also require a manager, somebody to look after the business?

55 A. Yes, sir. The way I am operating at the present time I have a son who is bookkeeper and does the weighing and stays in the office all the time to weigh or to bargain with people while I am on the outside myself most of the time looking after the gin, the operation of it, and other business. I spend about half of my time at it. I charge up about half of my time or about \$50.00 a month and the bookkeeper, my son, and weighmaster, gets \$2.50 a day. That is what he is allowed.

Q. If the gin were being operated for customers only would a suction feeder be necessary or could the farmers feed the suction?

A. It would be necessary to have a suction feeder. The farmers couldn't make enough headway. They are not acquainted with their over-feed or under-feed. It takes experience to feed a gin properly. You couldn't depend on the farmers to feed the suction.

Q. Do you know approximately how many cotton gins there are in Oklahoma County?

A. Fourteen, I think.

Q. Do you know whether or not in a general way—do you know in a general way who built those gins?

A. Yes, sir.

Q. Without naming the individuals unless the Commissioner wishes you to do so, I will ask you to state whether any of those gins were built by the owners of oil mills?

A. None that I know of were built by oil mills.

Q. They were built as ginning propositions were they by people who wished to go into the ginning business?

A. Yes, sir, by individuals and by farmers' organizations.

Q. Who built the last gins in Oklahoma County that you know of?

56 A. I think it was a man that lived on Capitol Hill built a gin out here at Newella, I think, is the last one I recollect of. I forget his name now. I used to know him, but I have forgotten it.

Q. About when were the farmers Union gins built in this county?

A. Well it was about seven years ago, I think, or eight years ago.

Commissioner Watson:

Q. You say your gin is at Luther?

A. Yes, sir.

Q. How many gins are there there?

A. Three.

Q. Three gins?

A. Yes, sir.

Q. How many bales of cotton does the three gin- gin a season?

A. Well about 2,000 sometimes a little more and sometimes some less.

Q. One good gin could gin that many bales in a season could they?

A. Gin two thousand, yes, sir.

Q. Do you think the public should be taxed to keep up three gins for what one can do?

A. Well I don't know about that. I don't know how that should be. I don't know how that would be.

Q. And in order to make a profit for three gins you think it is necessary in order to make a profit for three gins on work for what one can do you think it is necessary to tax these farmers \$5.01 a bale to do that.

A. That is as little as a gin can be operated for.

Q. For that quantity of cotton that you ginned here as specified?

A. Yes, sir, the actual labor performed, taxes and insurance too.

Q. Now your first item on here is fuel used \$246.00. What kind of fuel did you use?

A. Coal.

57 Q. Coal?

A. Yes, sir.

Q. You have got bills to show that, have you?

A. Yes, sir.

Q. Oil supplies \$30.00?

A. Yes, sir.

Q. Did you use that much oil in the season?

A. Yes, sir, that is from my bills.

Q. Bagging and ties \$523.25?

A. That is about 80 cents per pattern.

Q. Now you are charging that up as an expense here and then charging the \$5.01 a bale additional to that?

A. No, sir.

Q. How do you get that in there?

A. That comprises part of the expenses of the season's work, the natural expenses of the season's work.

Q. Then you give credit for that too?

A. Credit for—

Q. Bagging and ties?

A. There is a credit on that exhibit. The credit is there. We have charged it there and it is part of the expenses of running the plant. It has to be put on the bale of cotton at 80 cents, that is what it cost us.

Q. At a cost of 80 cents?

A. Yes, sir about that. That is the actual figures. I don't know, it may have been 82 cents or 81, but that is what it figured up from the bills. One may have been a few cents more than the other but that is what they actually cost.

Q. Labor and ginning \$1,115.80?

A. Yes, sir. That is for six month's work?

Q. Yes, sir.

A. Covers six months. The men didn't work continuously, 58 but it covered the season of six months, but they only worked just when it was necessary.

Q. Just while you were ginning?

A. While we were ginning, yes, sir.

Q. Well in that \$1,115 you include the salary of yourself and your son?

A. Salary for myself of \$50.00 a month is included.

Q. What is your son's?

A. \$2.50 a day. That is \$15.00 a week or \$60.00 a month—2,50 a day would amount to \$65.00.

Q. Now couldn't you perform all that service yourself there in ginning 703 bales, weigh that cotton and keep the books yourself?

A. No, sir.

Q. You can't do it?

A. No, sir. There is a part of the time you can't be there.

Q. Where will you have to be?

A. You will have to be around some other part of the plant. You cannot always be in the office.

Q. Supposing you ginned 2,000 bales, would it be three times that much?

A. No, it would be just the same amount.

Q. Do you think that is right to charge the same amount for 703 as you would for 2,000?

A. It is properly made. I can tell you what it would be for that much if you wish to know.

Q. There is one gin, charging that up there for that amount in all three gins, that could do all of this work and save that to the people.

A. Three gins that is located there?

Q. Yes, sir.

A. There is one not operating this year, wasn't run last year there.

59 Q. Why was it shut down?

A. Couldn't afford to run it.

Q. There is \$115.00 now that you have got charged up there a month for yourself and son to perform labor that either one of you could perform?

A. No, sir, we could not. We do other things in addition to that, you know. We have other things that we are doing there. I would want more than \$50.00 a month for my entire time. I worked for a railroad company before I went into that and they give me \$150.00 a month, but we have a mill and I have a farm and some other things.

Q. Is the mill in connection with the gin?

A. Yes, sir.

Q. And the same fuel runs both?

A. No, the fuel that the gin consumed is in that statement.

Q. And no part of this statement here operates the mill?

A. No, sir.

Q. And no part of this expense here goes into the operation of the mill?

A. No, sir.

Q. When do you operate that mill?

A. About once a week.

Q. What days.

A. Well whenever we are out of meal and feed we run probably an average of one day a week.

Q. You quit ginning and go right to grinding right away?

A. No, sir, we never quit ginning.

Q. You run both together?

A. Yes, sir.

Q. With the same fuel?

A. Yes, sir.

60 Q. And you charged up that here?

A. We charged up the fuel to the mill separate.

Q. How can you get it separate when they are both running together?

A. Why we know what we have burned running the mill.

Q. How can you charge up separate your service and your son's when you are operating both together?

A. Why we make an allowance for that. A person can do two jobs and only charge for one.

Q. Could a man charge up all to one thing and run two?

A. Not if he tells the truth.

Q. And taxes now \$51.00. That is on the mill and gin combined? That is on the combined, isn't it?

A. Yes sir.

Q. And insurance on ginning and cotton \$103.00?

A. Yes sir.

—. That includes machinery and everything connected with the plant there?

A. With the cotton gin.

Q. And mill also?

A. No sir.

Q. You don't insure the mill?

A. No, it is not insured.

Q. Drayage, loading seed \$120.00?

A. That is loading seed and drayage. We have to load the seed in order to make that profit for that many bales.

Q. Now what do you get for seed. What do you make on a ton of seed?

A. What do we make on a ton of seed? What do we make on a ton? Why we just gin the cotton. You mean if we buy seed what we make?

Q. Yes sir.

A. Well we buy very little but what we do we pay \$19 a ton and sell it for \$20.

61 Q. Are you selling at \$20 now?

A. Yes sir.

Q. Why is it that the Chandler gins are getting \$22?

A. Why I don't know about it. I don't understand it.

Q. Are they discriminating between you and the Chandler gin?

A. I don't know. Probably tomorrow we will get \$22. Depends on the market. We have been getting \$20.

Q. And paying \$19 for all of it.

A. I sold some in St. Louis here lately that I got \$22.

Q. And you pay \$19 for that.

A. I pay \$20 for some of it. In this part of the season seed vary a little.

Q. How much of that do you pay \$20 for?

A. I don't know the proportion.

Q. How much \$19.

A. I don't know. I couldn't say.

Q. And you bought some for \$19 and some for \$20 and sell it for \$22.00?

A. Well yes, of course I had to stand the loading of that and the waste onto it.

Q. Market reports, telephone and phone \$49?

A. Yes sir.

Q. Why do you have to charge that up to the gin?

A. We have got to understand the price of cotton and we have to get the market reports.

Q. And that is a gin operating expense?

A. That is an operating expense, yes sir.

Q. And you charge up what you lose on buying cotton to the operating expense of the gin?

A. What we lose on buying cotton?

A. Yes sir.

A. That is, the cotton we handle during the season—I
62 don't know just exactly what we lose on cotton. Sometimes
we make a little and sometimes we lose but during the season
that is the way the amount run.

Q. And if you lose anything during the season on cotton do you
charge that up to the operating expenses too?

A. Yes sir, if we buy a half dozen bales and make a little some-
thing on it we charge that up.

Q. That went into operating expenses?

A. No, that went into profits.

Q. Where do you count your profits in here. I don't see any for
profits?

A. Well the expense of operating—I don't exactly understand
you, Judge, about that account.

Q. I want to know—here is some market reports, telephone and
telegraph \$49?

A. Yes sir.

Q. That is charged up to operating expenses?

A. Yes sir, of the gin.

Q. Well that is for the purpose of you buying cotton in the seed?

A. In the seed, yes sir, and selling in the bale.

Q. Now do you think that is right to charge that up to the operat-
ing expenses of the gin?

A. Yes sir, we have got to buy intelligently from the farmer and
give him the market price and we have to know the market price.

Q. But do you think that ought to be charged up to the operating
expenses of this gin?

A. That is part of the plant there.

Q. Shouldn't that be charged to your profit on these commodities
that you are buying and selling?

A. Lots of times I don't make any profit.

63 Q. And when you don't you charge it up to operating ex-
penses?

A. Yes sir, it is operated and we have to be there. It is a part
of our time.

Q. It has to be charged somewhere and you charge it up here to
operating expenses?

A. Yes sir, it is a part of the labor.

Q. Interest and Exchange \$140 what is that for?

A. We have to buy seed cotton and we have to buy bale cotton
and for the money used in that—that is the amount of interest we
are paying for the money used in buying seed cotton and the bale
cotton.

Q. And you think that should be charged to the operating ex-
penses of the gin?

A. Yes sir, my experience has been that it is necessary to do that
or I would be out of business.

Q. Repairs and betterments \$195.00?

A. Yes sir.

Q. What is that for?

A. Repairs to the gin. After you run a season you have to do

numerous repairs, you have to do work on your engines, on your gins and things—brushing the shafting and change pulleys and pipes bursting.

Q. And you think that should be charged to operating expenses?

A. Yes sir.

Q. Annual depreciation \$350.00?

A. Yes sir.

Q. What is that?

A. That is based on; we will say the life of the gin will be probably twenty years, it will be of no account after that time, it will be worth nothing, the original investment would amount to nothing at that time, if the gin is run any.

64 Q. And you think that is right?

A. Yes sir.

Q. Well now if you charge up \$195 for repairs and betterments do you think that won't keep that gin up forever?

A. Oh no.

Q. Do you think \$195 on repairs and betterments and \$350.00 for depreciation should be allowed?

A. Yes sir, certainly, a man couldn't afford to put his money in if it was not.

Q. Wouldn't one of those items take care of that plant?

A. No sir.

Q. And would there be any end to the life of the plant if you would spend \$195 or \$350 on it every year?

A. That is only for repairs. We have to frequently change the machinery all around; in twenty years it would be virtually a new gin.

Q. That is what I say, at the end of that time it would be a new gin and there should be no depreciation on that at all?

A. That isn't for machinery.

Q. Repairs includes new machinery and everything going into it from year to year?

A. I beg your pardon.

Q. We have the same experience in telephone plants. If we allow them depreciation of 10 per cent or 5 per cent they would take care of the plant forever and it is just as good as it was the first year.

A. It is out of date, it is obsolete.

Q. We understand it is, but this annual investment here for 20 years will keep it up?

A. I beg your pardon, it is for actual repairs, broken parts, running the gin as it is, boring the cylinders. I pay \$50 here for boring the cylinders and engine out.

65 Q. That is now.

A. And the reason I do it is so I can save fuel.

Q. That is a new item and you keep putting that much money on that every year and you keep it up new until it never will wear out?

A. Oh yes, the cylinder will only bore certain number of times.

Q. Well you bore it out again?

A. No you wear the metal out.

Q. I have bored them a dozen times?

A. You can't bore these a dozen times.
Q. How much have you invested there?
A. About \$8,000.
Q. To gin 703 bales of cotton?
A. Yes sir, unfortunately.

Q. When one gin could gin all the cotton that is brought to Luther?

A. I guess so.
Q. And you think the whole community ought to be taxed to keep up three gins for what one gin could do?
A. One store could probably do the business there and they don't ask one gin to keep them up.

Q. They don't ask the public to keep them up?
A. The public is keeping the store up if I understand it right.
Q. I don't think your exhibit will hold water and I will want you to put it in so the Supreme Court can scrutinize it. I hope some of them on there will understand the ginning business.

(Whereupon recess was taken until 1:30 P. M.)

Court reconvened at 1:30 P. M. with Mr. Arthur on the stand.

Commissioner Watson:

Q. Mr. Arthur what is the capacity of your gin. If your gin is running at full capacity a day how many bales of cotton can you gin?

A. Well it depends on the condition of the cotton a good deal, but on the average why about 20 to 25 bales.

66 Q. Well now in ginning that many bales a day how much additional would it cost you to gin say 12 or 15 bales?

A. Well there would be the difference of the bagging and ties with perhaps a small amount on oil and fuel, not very much on fuel or oil, but there is a small amount.

Q. The principal cost then would be in the bagging and ties?
A. Yes sir, the principal.

Q. I believe you stated there was about 2,000 bales ginned there this season?

A. Yes sir, in the town.
Q. And your gin could gin the entire amount of cotton that is brought there?

A. Yes sir, under favorable conditions it could.
Q. And by so doing it would make it a great deal cheaper to you to operate a gin ginning that number of bales than to gin the number you do.

A. It is cheaper to operate yes sir, in ginning 2,000 bales than it is on ginning less or 500 proportionately.

(Witness excused.)

67 Mr. A. M. De Bolt, having been first duly sworn on behalf of the defendant, testified as follows:

(Reporter marks exhibits C, D, E, F, and G upon request of Mr. Ames.)

Mr. Ames:

Q. You may state your name and residence and occupation?

A. A. M. De Bolt, Oklahoma City. I am in various businesses, amongst them the cotton business.

Q. You are in the cotton ginning business, are you?

A. Yes sir.

Q. How many gins do you operate?

A. Eight.

Q. Where are they?

A. One at Edmond, Jones, Choctaw, Harrah, McLoud, Newalla, Castle and Allen.

Q. How long have you lived in Oklahoma City?

A. 25 years next Spring. That is, Oklahoma City and vicinity. I lived the first five years on my farm right east of town.

Q. How long have you been in the business of ginning cotton?

A. I began in the '90's, I think about 1896 or '7.

Q. Was that in Oklahoma County?

A. In Oklahoma City.

Q. Are these statements which I now hand you marked Exhibits C, D, E, F, and G correct statements of the cost of ginning at the plants owned by you as there shown?

A. Yes sir, those exhibits are those gins that I ran last year. I am running eight this year.

Q. Those were the only ones you were running last year?

A. Yes sir.

Q. And those are the correct statements of the cost of ginning at those six plants?

A. Yes sir, as near as I can compile it.

68 Q. We offer these six exhibits showing the cost of ginnings for the seasons of—well they show for themselves most of them for the last three years at Jones, Allen, Choctaw, Edmond and Castle. The Harrah and Newalla plants were not operated by you last year?

A. No sir.

Q. They were acquired by you and this is the first season they have been operated?

A. Yes sir.

Q. So that those statements cover the ginning operations of the plants that you were operating prior to this year.

A. Yes sir, we couldn't make a statement yet this year.

(Whereupon, said exhibits having been marked as Def. Ex. "C", "D", "E", "F", and "G" respectively, same are introduced in evidence, made a part of the record in this case and are in words and figures as follows, to wit:)

69

(DEF. EX. C.)

Gin located at Jones, Oklahoma County, Oklahoma.

Owned by A. M. De Bolt.

Original cost of plant \$9,133.35.

Depreciation is figured at 8 per cent and the cost of repairs is omitted entirely. All items figured in cents per bale.

	Season.		
	1910-'11.	1911-'12.	1912-'13.
Depreciation at 8 per cent..	1.40	1.170	.600
Lubricants	in fuel	.063	.031
Stationery and Office Supplies			
Fuel	1.10	.906	.545
Covering .....	.68	.719	.672
Salaries			
Labor	1.98	1.963	1.158
Taxes .....			.045
Insurance on Plant.....	.23	.229	.134
Drayage .....			.116
Water and Light.....			
Incidentals .....	.37	.370	.188
Operating Repairs.....			
Total cost per bale..	5.76	5.420	3.489
Total number bales ginned	521	625	1207
Number ginned for customer	not known	200	63

STATE OF OKLAHOMA,
County of Oklahoma, ss:

I solemnly swear that the foregoing statement is true.

[SEAL.]

A. M. DE BOLT.

Subscribed and sworn to before me this 28 day of November 1913.

JOHN HAZEL,
Notary Public.

My Commission expires Dec. 2, 1916.

NOTE.—By "Operating Repairs" is meant the ordinary repairs made during the operating season, caused by breakages incident to operation, such as replacement of fans, fan casings, spiders, etc. Distributors belts, repairs and replacement of pumps, boiler tubes, belts, pulleys, etc.

70

(DEF. EX. D.)

Gin located at Allen Pontotoc County, Oklahoma.

Owned by A. M. De Bolt.

Original cost of plant \$9,598.00.

Depreciation is figured at 8 per cent and the cost of repairs is omitted entirely. All items figured in cents per bale.

	Season.		
	1910-'11.	1911-'12.	1912-'13.
Depreciation at 8 per cent		0.996	0.831
Lubricants		0.043	0.026
Stationery and Office Sup-			
plies		0.175	0.10
Fuel		0.670	0.275
Covering		0.610	0.666
Salaries		2.183	1.345
Labor		0.037	0.196
Taxes		0.234	0.212
Insurance on Plant			
Drayage			
Water and Light		0.76	0.222
Incidentals			
Operating Repairs, not kept separately			
Total cost per bale, except oper. repairs		5.708	4.142
Total number bales ginned	771		924
Number ginned for custom	300		485

STATE OF OKLAHOMA,

County of Oklahoma, ss:

I solemnly swear that the foregoing statement is true.

[SEAL.]

A. M. DE BOLT.

Subscribed and sworn to before me this 28 day of November 1913.

JOHN HAGEL,
Notary Public.

My Commission expires Dec. 2, 1916.

NOTE.—By "Operating Repairs" is meant the ordinary repairs made during the operating season, caused by breakages incident to operation, such as replacement of fans, fan casings, spiders, etc. Distributors belts, repairs and replacement of pumps, boiler tubes, belts, pulleys, etc.

71

(DEF. EX. E.)

Gin located at Choctaw, Oklahoma County, Oklahoma.

Owned by A. M. De Bolt.

Original cost of plant, \$95,2940.

Depreciation is figured at 8 per cent and the cost of repairs is omitted entirely. All items figured in cents per bale.

	Season.		
	1910-'11.	1911-'12.	1912-'13.
Depreciation at 8 per cent..	1.17	.79	.820
Lubricants	in fuel	.06	.039
Stationery and Office Supplies .....	.....	.....	.....
Fuel .....	.66	.70	.548
Covering .....	.68	.86	.602
Salaries	{ 1.42	1.94	1.830
Labor .....	.10	.04	.053
Taxes .....	.19	.14	.174
Insurance on Plant .....	.....	.....	.....
Drayage .....	.....	.....	.....
Water and Light	{ .49	.35	.339
Incidentals .....	.....	.....	.....
Operating Repairs, not kept separately .....	.....	.....	.....
Total cost per bale, except oper. repair-	4.71	4.88	4.552
Total number bales ginned	649	968	930
Number ginned for cus- tom	not known	268	151

STATE OF OKLAHOMA,

County of Oklahoma, ss:

I solemnly swear that the foregoing statement is true.

[SEAL.]

A. M. DE BOLT.

Subscribed and sworn to before me this 28 day of November 1913.

JOHN HAGEL,
Notary Public.

My Commission expires Dec. 2, 1916.

NOTE.—By "Operating Repairs" is meant the ordinary repairs made during the operating season, caused by breakages incident to operation, such as replacement of fans, fan casings, spiders, etc. Distributors belts, repairs and replacement of pumps, boiler tubes, belts, pulleys, etc.

72

(DEF. EX. F.)

Gin located at Edmond, Oklahoma County, Oklahoma.

Owned by A. M. De Bolt.

Original cost of plant, \$10,134.45.

Depreciation is figured at 8 per cent and the cost of repairs is omitted entirely. All items figured in cents per bale.

	Season.		
	1910-'11.	1911-'12.	1912-'13.
Depreciation at 8 per cent..	2.29	1.280	1.710
Lubricants	in fuel	.035	.062
Stationery and Office Supplies			
Fuel .....	.68	.714	.684
Covering .....	.68	.560	.657
Salaries	{ 1.73	1.931	1.970
Labor	{		
Taxes	not included	not included	.143
Insurance on Plant.....	.34	.190	.357
Drayage .....		.....	.144
Water and Light.....	{ .43	.350	.172
Incidentals	{		
Operating Repairs, not kept separately .....		.....
Total cost per bale, except oper. repairs	6.15	5.060	5.899
Total number bales ginned 350		625	470
Number ginned for cus- tom	not known	200	107

STATE OF OKLAHOMA,

County of Oklahoma, ss:

I solemnly swear that the foregoing statement is true.

[SEAL.]

A. M. DE BOLT.

Subscribed and sworn to before me this 28 day of November 1913.

JOHN HAGEL,
Notary Public.

My Commission expires Dec. 2, 1916.

NOTE.—By "Operating Repairs" is meant the ordinary repairs made during the operating season, caused by breakages incident to operation, such as replacement of fans, fan casings, spiders, etc. Distributors belts, repairs and replacement of pumps, boiler tubes, belts, pulleys, etc.

73

(DEF. EX. G.)

Gin located at Castle, Okfuskee County, Oklahoma.

Owned by A. M. De Bolt.

Original cost of plant, \$11,043.22.

Depreciation is figured at 8 per cent and the cost of repairs is omitted entirely. All items figured in cents per bale.

	Season.		
	1910-'11.	1911-'12.	1912-'13.
Depreciation at 8 per cent..	1.300
Lubricants018
Stationery and Office Supplies100
Fuel666
Covering572
Salaries	}		2.220
Labor	}	
Taxes102
Insurance on Plant.....393
Drayage, including hauling water543
Water and Light.....	
Incidentals392
Operating Repairs, not kept separately	
Total cost per bale..	6.306
Total number bales ginned	{200 round
Number ginned for custom	{278 Square
			70

STATE OF OKLAHOMA,
County of Oklahoma, ss:

I solemnly swear that the foregoing statement is true.

[SEAL.]

A. M. DE BOLT.

Subscribed and sworn to before me this 28th day of November 1913.

JOHN HAGEL,
Notary Public.

My Commission expires Dec. 2, 1916.

NOTE.—By "Operating Repairs" is meant the ordinary repairs made during the operating season, caused by breakages incident to operation, such as replacement of fans, fan casings, spiders, etc. Distributors belts, repairs and replacement of pumps, boiler tubes, belts, pulleys, etc.

74 Q. Are you familiar with the history of the gins which have been built in Oklahoma county, who built them?

A. I am pretty well acquainted with the gin business, yes, sir.

Q. In operating your gins you do ginning for customers as well as ginning your own cotton, do you?

A. Yes, sir.

Q. Part of your business is buying seed cotton and ginning it, isn't it?

A. Yes, sir.

Q. If you were operating your gins as custom gins exclusively what, in your opinion, would be the cost per bale as compared with the cost as it is, more or less. In other words, if they were operated as custom gins only, would it cost more or less than it does to operate them in this way?

A. It would cost more in labor to do the ginning, but it would cost less as office help, but the actual cost of the ginning I would consider more.

Q. Why?

A. Now you can't gin as many custom bales as you can gin for one individual, because your taking up will take about 15 per cent of your time, but in our report we have included a few things that might be cut out as a custom gin.

Q. Are the things which you might omit enough in your opinion to balance the additional cost of labor and loss of time in custom ginning?

A. I would say it would just about balance.

Q. Q. Just about the same.

A. I would think so. That is just my judgment.

Q. Have any of the gins in Oklahoma county been built by cotton seed oil mills?

A. Never was a gin to my knowledge built in Oklahoma County by an oil mill.

75 Q. Q. They have been built as ginning propositions then by people who wanted to run gins?

A. As a ginning proposition, and as a farmers' proposition, the farmers got the gin business in their head six or eight years ago and built several gins and bought several.

Q. How many did they build in this county.

A. They built one in Newalla, one in Choctaw, one in Oklahoma City, they bought me out in Arcadia, I believe that is all.

Q. How many of those gins are there now operating?

A. None.

Q. What did they do with them?

A. The one at Choctaw burned down while they was all there. I don't know, the insurance company I guess knows more about that than I do. The one at Arcadia, I furnished the manager the first year until I got my money out of it and the next year they asked my advice who I could get for a manager to get high prices and I advised a certain man and they sold out that fall and the one at Newalla I can't tell about that. I understood it was burned.

Q. How many towns are there in Oklahoma County where the

total receipts of cotton are less than a thousand bales where there is a gin?

A. Choctaw runs under a thousand, Newalla runs under a thousand. Now I say these run under a thousand. Now I can give you on last year. Now next year it may be more and the next year it may be under. Some of these towns is close to a thousand towns. Edmond last year—no, it run about 1,100, Oklahoma City runs under a thousand, Spencer runs under a thousand.

Q. Now in conducting your business, Mr. De Bolt do you gin that cotton as cheaply as it can be ginned?

A. I make every effort that is in my power to hold my expenses down as low as possible, because there is the only profit there is, is economical ginning.

76 Q. You are spending your own money and naturally you are not wasting any of it?

A. Not if I know it.

Commissioner Watson:

Q. I see that in your gin at Jones you have 521 bales ginned there?

A. That must have been year before last that you are looking at.

Q. 1910-11.

A. That is year before last, I think that is right.

Q. And 625 in 1911-12?

A. I think that is about right.

Q. And you have a total cost per bale of \$7.75 for 1910-11 season and \$5.20 for the season of 1911-12?

A. Whatever those figures is is just what they figured?

Q. What did you get for ginning that season at that place?

A. Do you mean for the custom ginning I did for other people or for myself?

Q. Custom ginning?

A. I do all custom ginning for 20 cents a hundred in the seed, plus a dollar for bagging and ties or \$3.50 where I do it for the farmer.

Q. \$3.50 per bale and ginning and wrapping?

A. Yes, sir, that is where I do it for the customer. That is accommodation ginning.

Q. Well now at Allen 1911-12 I see you ginned there 771 bales of cotton at a cost of \$5.70 a bale, is that correct?

A. Whatever is on them figures there.

Q. What did you charge for ginning custom cotton there?

A. \$3.50.

Q. And at Choctaw City you ginned there in 1911-12 968 bales of cotton at a cost of \$4.88 a bale, is that correct?

A. Whatever those figures are.

Q. What is what it shows here?

A. Yes, sir.

77 Q. What did you charge there for ginning?

A. My rate at Choctaw City has been 20 cents plus \$1.00.

Q. And then where you charge just for the bale and wrap it?

A. Well now some places we charge \$3.50, at some places we charge 20 cents a hundred plus a dollar. For instance, we have a certain community that will bring in brush and dirt and everything else and I always put them if I can on the 20 cent per hundred in the seed and if they bring in 100 pounds of seed there they pay 20 cents a hundred to have it run through.

Q. And in Edmond your report shows 625 bales at a cost of \$5.06 per bale as shown here. Is that correct?

A. Yes, sir, whatever is on those papers.

Q. What do you get at Edmond for custom ginning?

A. \$3.50 was my rate at Edmond, I think. Now some years we change sometimes we charge the 20 cents and sometimes the \$3.50. I won't swear positively which I was in Edmond.

Q. Then in your report here of all the cotton you have ginned it shows a loss of from \$1.50 to \$1.60 a bale?

A. From that to \$2.50 on all custom ginning.

Q. How long have you owned the gin at Allen?

A. This is my third season.

Q. And the one at Jones?

A. I think I secured that gin about 1900.

Q. That is the last gin you bought of this number?

A. Oh, of that bunch there?

Q. Well which is the last gin you bought of the gins you own?

A. The McLoud gin.

Q. When did you buy that?

A. This fall.

Q. And which is the next last you bought?

A. I built the rest.

78 Q. Where was that?

A. I built one the next to that was Castle.

Q. When did you build that?

A. Two years ago this summer.

Q. Then the next last?

A. The one before that was Allen. That one I built the year before that.

Q. Now when your report shows you have lost \$1.50 to \$2.50 per bale on cotton why do you go and keep on investing money when you are losing money.

A. I ain't losing money.

Q. Why not?

A. Because I am buying the cotton and handling cotton and making more money than I lose on the custom cotton I gin. The custom cotton I gin—if you would give me all the gins in the State of Oklahoma I wouldn't take them and run them for a ginning proposition.

Q. How much do you make on a bale of custom ginning?

A. That is owing to how I am hitting the board. If I get about 1,500 this year I may make \$5.00 a bale. I wish I knew where this board was going now. My money has been made on speculation and not ginning.

Q. And how do you get at this first item here, depreciation at 8 per cent \$1.40 a bale?

A. Take the 8 per cent on the value of that plant would be \$1.40 a bale for each bale that is ginned at that plant during the year.

Q. Do you think that is a correct reduction to make on that?

A. Well the 8 per cent depreciation is as little as a person could figure on.

79 Q. And you think a depreciation of \$1.40 a bale is right?

A. I know it is. Is that depreciation or interest that you are reading?

Q. Well it says depreciation at 8 per cent.

A. Well I generally figure 10 per cent depreciation in my mind, we carry it on our books just as near as we possibly can what our judgment holds it out to be.

Q. Now if you only get \$3.50 or \$5.21 a bale how could you fix 8 per cent depreciation and make it a dollar forty a bale?

A. Well your gin will last a certain length of time?

Q. Yes, sir.

A. Well then take the life of the gin, we figure that is 8 per cent of the value of that gin or in other words the gin will last 12 years.

Q. What is the life of a gin?

A. About eight to ten years in my experience; if it is well built it may last 15 years, the ordinary gin the way the majority of them put it up about six or seven years.

Q. How do you charge this \$1.40 on each and every bale that you gin for depreciation?

A. When I make up my record that shows just exactly what I am out. I don't charge it on any bale because all the custom ginning I do I do for so much for accommodation to the farmers.

Q. What did you say was the ordinary life of a good gin?

A. About 12 to 15 years. I don't think they will run over 15 and I doubt if they will go over 12. Now of course there is some gins that if you will keep up in good shape and built well and you will have them 15 years and still be a pretty good old gin. That is by tearing out the stands keeping in new ones and so on, that way.

Q. That includes the building and all?

A. Everything complete.

80 Q. Machinery and everything?

A. Yes, sir.

Q. Will the building last any longer than fourteen years?

A. Yes, sir.

Q. How long will the building last?

A. If you build such buildings as I have got they will last 25 years, 20 anyhow.

Q. What does a building like you build cost?

A. For the plant?

Q. For the building itself without the machinery?

A. That is your completed plant you mean?

Q. Yes, sir, what we call a gin house?

A. Well the gin house alone would not be a gin plant. It takes a gin house, an engine room and a seed house.

Q. All those things combined?

A. \$4,000 without any machinery.

Q. And that would last 25 years you think?

A. The way I put them up they would last anywhere from 20 to 25 years if you didn't happen to have a fire or anything of that kind or a cyclone or anything unforeseen.

Q. Well depreciation on 621 bales all going at \$1.40 and say that last a fourteen years, you said 12 or 15 or somewhere about there. I have put it 14.

A. 12 years will figure out just what the plant will be.

Q. Would amount to \$12,171.60 and there is a building now you say \$4,000 to go in that?

A. That \$4,000 would be a little higher.

Q. And this building, original cost of plant would be \$9,133.35. Now you take \$4,000 from \$9,133 and you have \$5,133.35 for the machinery and the depreciation of 8 per cent would amount to in 14 years \$12,171, nearly three times the cost of the machinery?

A. Well you have mis-figured it, I think.

81 Q. Well there is 621 bales of cotton at \$1.40 a bale depreciation?

A. How much does that amount to?

Q. \$869.40.

A. What is the plant? What priced plant are you figuring on?

Q. \$9,133.35.

A. \$9,133.35?

Q. Yes sir.

A. You say it is marked there 8 per cent?

Q. Yes sir.

A. \$1.40 a bale. All right, if I have a clerical error, I will rectify it and set 'em up besides.

Q. 8 per cent would be \$730.40 wouldn't it?

A. No, 621 bales at \$1.40 a bale.

Q. 621 at \$1.40?

A. Yes sir. How much you say it is there?

Q. \$869.

A. .40.

Q. \$869.40.

Q. Yes, now for 14 years.

Q. Well we will figure it 12 years?

A. Figure it on 12 years and if there is a clerical error there why I will accept the error. It is all right there to be figured on and if I have a clerical error in it I will catch my error. Excuse me, let me see where we are figuring from.

Q. I believe if there is any one thing I know anything about it is ginning cotton.

A. Now you said it is 621 bales?

Q. Yes sir.

A. Where do you find 621 bales?

(Shows witness the place.)

A. That is a five, that is 521, but that shouldn't be totaled below,

total cost per bale \$5.76. You figure that 521, it will come out 8 per cent.

82 Q. Is it 521? It looked like a six to me.

A. Yes sir. In regards to the clerical proposition, I have a man down there that I think is pretty near figure-proof that handles my figures. I will bank on it—put my money upon him.

Mr. Ames:

Q. Does the statement show 521 bales that season instead of 621?
Commissioner Watson: Yes sir.

The Witness: That will figure out then. We took it off from these blanks from our regular book and makes it a little bit different. It would be depreciation at 8 per cent 12 years.

Commissioner Watson:

Q. Well at 521 bales at \$1.40 a bale depreciation would amount to \$729.40 a year and for 12 years it would amount to \$8,762.80.

A. It amounts to just the amount of that gin, 12½ years 8 per cent, 12½ times that would bring the original 100 per cent.

Q. Now take the \$4,000 or original cost from this plant \$9,133.35 leave you what the machinery would cost that has a life of 12 years according to your testimony?

A. The plant complete will have a life of 12 years, the machinery as an individual proposition I wouldn't figure would have that life. Now we take the plant as a whole and as near as we can make an estimate on the proposition from our experience of 15 or 16 years that I have been at it. 12 years is what we decided would be the life of the plant. Now that is nothing more than one man, any man might figure it and say it would run 15 and another man might figure 10.

Q. The railroad people, of course they figure the life of their steam locomotive engines at 25 years.

A. Well I believe an engine properly handled with experienced men such as get on a railroad can do that, but you pick up a man that you put in the ordinary gin and you will have a whole lot of work to do on an engine to make it last 25 years. I know. I have turned out several.

83 Mr. Ames:

Q. In preparing that blank I want to call your attention to the fact that in figuring depreciation at 8 per cent we have omitted the ordinary repairs.

Commissioner Watson: Even at that I can't see that that is a fair figure.

The Witness: Well if you would ruin a gin in 12 years it would be 8 per cent and that is the basis we work from.

Commissioner Watson:

Q. Now I notice the next item you have got here that I am challenging is fuel \$1.10 a bale, do you think that is correct?

A. I know it is. I paid the money. And they talked about 40 or

50 cent fuel here this morning. I would like to get some of it. I have plants that runs 75 to \$1.00 right along.

Q. Now this plant at Jones City?

A. That has run 93 cents one year, I know, I figured it. I just tore out two boilers and put in another one and have two laying on the ground now. I have got the third set of boilers since 1900 at Jones.

Q. Does Jones have gas?

A. No sir.

Q. How many bales of cotton do you gin a day at Jones City?

A. From two to twenty, some days two or three and some days twenty.

Q. And when you don't gin but two or three you don't use much fuel?

A. I have got to keep that fire up. I am now trying gasoline engines to overcome that great expense.

Q. So it don't cost you any more to gin two or three?

A. I have to keep a heavy fire when I gin a lot and a light fire when I don't gin so much.

Q. How many gins in Jones City?

A. Two. One has been idle and the other has been running.

84 Q. Only one gin running for the last two or three years?

A. Yes sir, and then back of that both of them run and then a while they didn't run. They have been in and out.

Q. How many bales of cotton did you gin there?

A. Do you mean at the other gin?

Q. At Jones City?

A. Run about 1,000 or 1,100 bales.

Q. One gin could gin all the cotton there and then not have half as much as it could do?

A. One gin could gin it and lay around a while and you have to keep it going. You don't know what time it is going to come in. I have got them all lined up now since this rain.

Q. How many men do you have employed there?

A. I hire six to seven men when I am crowded. Now you may have a week or ten days good weather and then you will be crowded. Then I have seven men and when I don't I have six men and at times like it is now I lay them all off.

Q. The average time you have six men then?

A. No, not near the average time, because for the average time I have the gin open if I had six men there it would run it very much higher. I lay them off when I ain't got much work.

Q. Well when you are running?

A. When you are running, six men.

Q. Well one engineer?

A. Yes sir.

Q. What do you pay him?

A. Well now I have two lines of pay. If I have an engineer that is a good man and looks after the entire plant I pay \$3.00 a day and if I didn't I had a ginner and paid him \$3.00 a day, but when I have a ginner I get a \$2.50 engineer.

Q. The engineer \$3.00 and the ginner \$2.50 and then the pressman?

A. Yes sir, pressman at \$1.75.

85 Q. You keep how many at the press?

A. One pressman and one packer \$1.75.

Q. Each?

A. Each. A man feeding the gin when ordinarily he keeps it going \$1.75 and whenever we are crowded I have to keep two on.

Q. The ginner \$1.75?

A. Yes sir.

Q. Now what is the next man?

A. How many have you got down?

A. Five.

A. The sixth man is the man that looks after the cotton and keeps it running.

Q. You call him a manager?

A. Yes sir.

Q. What do you pay him?

A. \$75.00 a month.

Q. That is \$3.00 a day?

A. Virtually \$3.00 a day. \$3.00 a day would be \$78.00.

Q. That is \$13.75 a day your expense of help in running the gin?

A. Labor, yes sir, I think that is right. Something in that neighborhood \$13 to \$15, along there.

Q. How many bales do you gin a day an average when you have this sized crew in good weather?

A. You have got to have that sized crew whether you gin two bales or ten bales or 15 bales. You can divide that up into the number of days the plant is run and I think it will be about eight bales a day.

Q. How many gin stands?

A. Got four.

Q. You could take a horse gin and beat that?

A. Yes sir, if you had the cotton to gin you could. You can't gin only what you can get.

86 Q. Now what is the average number of bales you gin a day there?

A. You can see how many bales I ginned there and we kept open there about 125 to 140 days? Now you can divide it in there and see what it would be.

Q. 125 to 140 days during the year?

A. Yes, sir. It is very seldom we get out more than four months and it is very seldom we run more than five months. Just say it is 5 times 26 would be 130, wouldn't it? 130 days, divide that into 521, you can see what my average is—about five or six bales a day.

Q. Well you have made considerable mistake in your calculations then according to that. Your report instead of being \$1.98 for labor should be \$2.50 then according to those figures.

A. No, it is miscounted.

Q. I have figured it ou that you have got labor here of \$13.75 a day and five and a half bales.

A. Well but now there is another thing, Colonel, that gin didn't

run 120 days. It was open 120 or 130 days and as I explained, we have one man there now at \$3.00 a day buying cotton. When I get a bunch I will go to work and gin it. When you get those things all put together it will figure out just right.

Q. Insurance on plant in 1910-11 you have 23 cents a bale. Is that correct?

A. Whatever the figure is there.

Q. In 1911-12 insurance on plant was \$2.29 a bale?

A. There is a mistake about that.

Q. Incidental expenses 37 cents a bale. Does it cost you more for fuel at Jones than it does at Allen?

A. Yes sir.

Q. Do you burn coal at both places?

A. No sir, I burn wood at Allen, but that year I burned coal at Allen, which would not be as expensive as it would be for coal at Jones. All boilers don't steam alike. The engineer— Now 87 I have an engineer at Harrah this year, I won't have him next year, I will tell you that, because he cost me \$1.00 a bale. Now that engineer has been costing me \$6.00 a day because I hired him.

Q. Now it cost you more for labor at Jones than at Allen?

A. Some places we hire a crew steady time as long as we keep them and then we pay them so much a day steady time and then we have other places we pay them so much just when we work which ever we think is the cheapest.

Q. I notice you have charged up here for labor for ginning one bale of cotton at Allen \$2.1803?

A. That is for labor alone ain't it?

Q. Yes sir. I can't see why it costs so much more to gin a bale of cotton in Oklahoma than in Georgia where labor and fuel is practically the same thing.

A. I have got \$43,000 worth of plants and if they can gin like they do down in Georgia I will make a present of these plants to some man if he will just come and gin for me twenty years. I might call your attention to one thing, Colonel, when I first started the gin business I started at \$2.00 a bale or \$2.50 for ginning a bale of cotton. That is when you had one of those loose breasted gins and you put it through. Now we gin cotton—it is worth three times as much today to gin cotton as it was 20 years ago with that class of gins. Now if the friends in Georgia has a \$2.50 gin it is not an up to date gin like is built in Oklahoma, nor it doesn't do the work that is done in Oklahoma, because it cannot be done. If it could I would get on the train tonight and start to Georgia.

Q. Then gin more cotton than you gin on this basis here?

A. Yes sir, I can take that gin and double my ginning.

Q. They get more for cotton seed than here.

A. They get more for cotton seed. I should think they would because they get a good deal more lint on it.

88 Mr. Ames:

Q. While you are on that point I would like for you to explain to the Commission the difference between the quality of the cotton produced by these modern gins and the cheaper gins that used to be used?

A. The gins I am running now ten to eleven thousand dollars will take cotton we are getting today and raise it \$12 to \$15 a bale.

Q. How?

A. It cleans the cotton and puts it in shape that you can get a price for it, the only loose breast gin that put three or four through a day puts everything with the lint, and it will make ordinary cotton today, ordinary cotton today is 6 cents off. I can take the same cotton and make cotton that will be two and a half cents off. Oh, I say I can raise any of this low grade cotton \$15.00 a bale with the class of machinery I have got, but I can't put only a few bales a day. I figure if I can get ten bales a day now I put my boys on the take.

Q. Does that gin get more lint off the seed too?

A. They get more lint but it ain't so much there as it is the shape they put the lint in. It puts it in a merchantable condition.

Commissioner Watson: The quality of the cotton——

A. The quality of the cotton is raised now \$15.00 a bale.

Q. How is it the cotton sells for more on the markets of Georgia?

A. Well they have a better class of cotton, a better class of farmers and their cotton is taken care of right there.

Mr. Ames:

Q. While we are on that subject I would like to read into the record this statement from Bulletin No. 36 of the United States Department of Agriculture. It just reminds me of it at this point. It is a special bulletin relating to the cotton marketing conditions in Oklahoma prepared in the Department of U. S. Agriculture.

Commissioner Watson: In what State.

Mr. Ames: It is in Oklahoma, on the subject of gins in this state they have this to say: "In this connection it is only fair to say that there is probably no state, with the possible exception of Texas, in which the equipment and efficiency of the average ginning establishment is so excellent as in Oklahoma. Our observation leads us to doubt whether 10 per cent of the ginning establishments in the southwestern portion of the belt could operate at all upon the cotton that the majority of the Oklahoma gins handle through a considerable part of the season. We are inclined to believe that a considerable part of the handpicked cotton results in a bale at least one grade higher than if it were put through the gins operated in Carolina."

Commissioner Watson: That is one thing that puzzles us here, that they get more for the cotton and seed east of the Mississippi river than in Oklahoma, with all of this improved machinery that you speak of.

The Witness: In the seed. Certainly, and they should.

Commissioner Watson: But in the bale. They don't sell it in the seed there.

The Witness: You mean for the lint in the bale?

Commissioner Watson: And they get more for the seed east of the Mississippi river than anywhere in Oklahoma, and then the improved machinery that is spoken of here to handle the cotton with here ought to cause the farmer here to get more for his cotton here than they get east of the Mississippi river.

90 Mr. Ames: In that connection this same bulletin, which it might be well for the Commission to consider in connection with this case, shows that the prevailing price for cotton in Oklahoma is higher than the Galveston price, at the same time making allowance for freights. In other words, that the price paid in Oklahoma, plus the freight to Galveston, is greater than the Galveston price on the same day.

Commissioner Watson: That might be true but at the same time the price paid east of the Mississippi river now is greater than it is here both for lint cotton and the seed.

Mr. Ames: That may be on account of the proximity.

Commissioner Watson: It was selling three weeks ago, seed, at \$26.00 a ton.

Mr. Ames: That may be on account of freight rates, the proximity to the ultimate market.

Commissioner Watson: There is no oil mill there and they are buying it and shipping it for \$26.00 a ton.

Mr. Ames: I know once in an investigation of freight rates on cotton seed products it developed that the rate from Oklahoma City to Galveston was 35 cents, while the rate from Ft. Smith to Galveston was about 20 cents on cotton seed oil. The rate Ft. Smith to Louisville on cotton seed oil was, I think, from Ft. Smith, was something like 20 cents and from Oklahoma City 40 cents, about twice as much. Now those conditions do affect the prices and value of cotton and cotton seed both.

Commissioner Watson: They do at those river points, but this point at Marietta, Georgia, that I am speaking of is not a river point and they are paying there \$26.00 a ton for cotton seed and I don't know what they was paying here, but I find here they are paying \$22.00 and shipping to the oil mill. I don't know where they ship, but I know there is none at Marietta.

91 Mr. Ames: While we are on that point, my attention is called to two facts, which will tend to explain that situation; one, that the yield of oil per ton of cotton seed is five gallons more per ton than it is out here and Mr. Cook just calls my attention to another fact: That is, that he sold his hulls here last Spring for \$5.00 a ton and they were shipped back to Georgia and there sold for \$17.50 a ton.

The Witness: No need to take into consideration—you can go forty miles east of here and then go forty miles west of here and you can get anywhere from 37½ to 50 points more for your lint

at one point than another. Now that is the grade of cotton it is the place that is raised in. That is the kind of cotton that is raised. That is the reason I have my gins on the east side. I have nothing in the west because of short districts, cotton you can't expect to get your money out of. Really Oklahoma is not to be compared with any of the old states where they have a better grade of cotton, better farmers, put lots of fertilizer and get 30 to 40 per cent lint, while we get 25 to 30 per cent lint here. 30 is big this year, extremely big.

Commissioner Watson:

Q. Do you think you can gin cotton on any of your gins here as cheap as they can in Carter County this State?

A. You can gin cotton as cheap on my gins as they can anywhere on a similar gin to mine.

Q. In Carter County or any other county?

A. Yes sir, if they didn't I would get those and bring them up here.

Q. What kind of gins have you?

A. I have Daniel Pratt hullers, Murray hullers and Phillips.

Q. And Munger, didn't you say.

A. No, Daniel Pratt, Murray and Phillips. I ain't got any Munger hullers. I used to have principally Munger loose breast gins. That is when I done the \$2.50 ginning. That is what I would put in if I was going strictly into the custom ginning.

92 Q. In your Edmond gin I notice you have depreciation there \$2.29 a bale for 1910-11?

A. According to those figures there.

Q. And in 1911-12 you have \$1.28 depreciation?

A. Well ain't you got it mixed some way or other?

Q. No, here it is, you can look at it and see?

A. You understand of course this is copied from my regular report. I keep a list and I made this off on these blanks and of course I might have made a mistake in that other depreciation \$2.29.

Q. That is 1910-11 and 1911-12 is what? What is 1911-12?

A. Yes sir, that is right and the other is \$1.28. This is \$1.71 per bale (indicating).

Q. But this is per bale (indicating)?

A. \$3.51 per bale. Cost us that much for every bale. You see that year I ginned 350 and the next year 625.

Q. And the next year you ginned 470 at \$1.71 depreciation?

A. Yes sir, if you will figure them all in you will see they just figure out exactly 8 per cent.

Q. One year you have, in 1910-11 you have insurance on plant 34 cents a bale and in 1911-12 insurance on plant \$1.90 a bale and in 1912-13 \$3.57 a bale. How is that?

A. I think it is mixed up.

Q. Does that mean cents?

A. 19 cents a bale. This is 34 cents and this is 35.7 cents a bale. You see this dollar line comes there just the same as these naughts come here (indicating).

Q. The way you fellows run up your footings on the cost per bale of cotton to gin here I advise you all to get out of the business as soon as possible. You will go broke the first thing you know. I have ginned a good deal of cotton and I never had that kind of an expense.

(Witness excused.)

93 Mr. ED. J. COYLE, having been first duly sworn, testified as follows:

Mr. Ames:

Q. You may state your name and residence and business?

A. Ed J. Coyle, residence, Perry, Okla., cotton and grain business.

Q. How long have you been in the cotton business in Noble County?

A. Since the first crop was grown in 1894 up to the present time.

Q. Who built the first gin in Noble County?

A. The first gin in Noble County was built by my father and one D. H. Young in Texas.

Q. When was that?

A. That was built in the fall of 1894 or '5.

Q. Were you connected with the gin?

A. Yes sir.

Q. You have been in the ginning business and familiar with it in your county ever since?

A. Yes sir. That was the first gin that was built and operated in what is known as the Cherokee Strip at Perry, Oklahoma.

Q. How many gins have been built in Noble County. Just explain Mr. Coyle, the history of the cotton gin business in Noble County to the Commission?

A. In '94 as I have already stated the first gin was built and operated by my father, J. E. Coyle of Perry and D. H. Young a merchant from Texas. This was a two-stand plain Munger gin with a hand feeder operated by a threshing engine. That gin was run two seasons as such. In 1896 or '7 my father and one D. B. Jones and myself put in a three stand gin at Perry and this D. H. Young in connection with a Mr. Watson from Texas moved into another old gin at Perry and those two gins were operated for one season and then the succeeding year Donahue Brothers located a four stand plain gin at Perry and operated one season. The plant was destroyed by fire and they moved the engine and all the remainder of the machinery to the town of Wellston, Oklahoma. The gin now

94 operated by Young and Watson was moved to the town and dismantled and afterwards moved to the town of Lueine in Noble County and the gin operated by Paul Jones and Company was afterwards operated by J. E. Coyle and son and later on now operated by myself and in my management up to the present time. In 1905 the gin erected at the town of—or it was 1906 Mr. E. J. Miller erected the second gin in Perry and still operates. In 1906

I built a gin at the town of Sumner in Noble County and also one at the town of Morrison in Noble County. The following year, 1907, one L. W. Wright erected a gin in the town of Morrison and operated it for a couple of years and suffered a loss of five to ten thousand dollars and there was a loan procured by the Houghton Douglass Oil Company and afterwards sold to the company of which I am a member and we moved the gin to the town of Hamilton, Okla., leaving one gin at Morrison. The farmers at the town of Sumner operated their gin erected in 1907 for two years and the stockholders lost every dollar they put into it and stuck the bank and various private individuals for several thousand dollars besides.

Commissioner Watson: Who did that?

A. The Sumner Gin and Grain Co.

Q. From what cause?

A. Well by lack of business and mismanagement and paying more for their cotton than it would sell out for with the vindictiveness of putting the other fellow out of business.

Q. Not knowing how to manage their business?

A. Not knowing how to manage their business and leaving it to the ginner to make an enormous profit.

Mr. Ames: Now were any of the gins in Noble county built by cotton seed oil mills?

95 A. No sir. The gin at Red Rock later on was built by Donahue Bros. and operated by them for a couple of years and traded off for some land and moved to eastern Oklahoma. Later on Mr. Hall of Orlando put in a one-stand gin and operated there for a couple of years at a loss and it remained dismantled for a couple of years and I moved it to Sumner. Up at the town of Bliss the Miller Brothers put in a one or two-stand gin and operated it in 1907 and I think they disposed of it a year or two ago. There was a four-stand gin erected in 1907 at Billings, Okla. that was operated at a loss three or four years.

Commissioner Watson:

Q. Noble county is not considered a cotton growing county?

A. It is as good a cotton producing county as there is in the state, but occupied by wheat raisers up until late years. Of course it is in the oil belt in that district. At one time before the railroad come in there was 10,000 bales of cotton ginned in the town of Perry at the year there was three gins there.

Mr. Ames:

Q. What does it cost you to gin cotton per bale?

A. The records last year from the town of Morrison and the town of Skedee, I have with me. I will state to the Commissioner that I have my cost of ginning probably in a little different form than the others. I have taken from the original books. I show also the profit or loss in the buying of cottonseed and seed cotton and busi-

ness pertaining to it and also the cost of ginning. Now at Morrison last year we bought 494,881 pounds of seed cotton.

Q. Well I will offer that statement in evidence. Just state what it costs you to gin cotton?

96 A. The season of 1912 \$6.15 per bale.

Q. How much did it cost you to gin at Skedee that year?

A. It cost to gin a bale of cotton at the town of Skedee \$6.32.

Commissioner Watson: Why do you stay in business, what do you get—

Mr. Ames: Now we offer these two exhibits H. and I. in evidence.

Commissioner Watson: All right for what they are worth.

(Whereupon the said exhibits were marked as requested (Def. Ex. H. and Def. Ex. I) made a part of the record in this case and are in words and figures as follows, to wit:

97

(DEF. EX. H.)

GUTHRIE, OKLA., 1912-13.

Morrison.

In Account with The W. H. Coyle Company.

494881 s/c at 335.....	16,545.81
8831 b/c " 10.45.....	924.29
310 c/s " .80.....	2.48
Expense	1,822.17
By 298 B/c 146992 at 10.50.....	15,415.45
" c/s 298745 " .85.....	2,572.62
Custom ginning.....	62.06
Loss	1,244.62
	19,294.75
	19,294.75

Weight Bought.....	504,022
" Sold	445,737
" Lost	58,285
	335

Value Lost..... \$1,952.55

Cost to gin a bale of cotton 6.15.

Seed Cotton made lint.....	2810
" " " seed	6010
Invisible	1180
	100.00

OKLAHOMA GIN COMPANY VS.

Labor	647.50
Repairs	252.53
Oil	20.24
Frt. & Exp.....	117.60
Coal	70.26
Genl. Exp.....	134.44
Insurance	124.94
Drayage	96.58
Taxes	73.98
Interest	35.00
B. and T.....	249.10

1822.17

281 Coyle
16 Custom

297 Total

98

(DEF. EX. I.)

GUTHRIE, OKLA., April 15, 1913.

M. Skedee, 1912-13.

In Account with The W. H. Coyle Company.

436140 # S/c at 3.33.....	14,637.15
9694 # B/c " 10.86.....	1,053.61
1910 # C/s " .80.....	15.28
Expense	1,713.95
By 270 b/c 135196 # at 10.70.....	14,425.24
" e/s 267255 # " .84.....	2,247.37
Custom Ginning.....	80.68
Loss	666.70
	17,419.99
Weight bought.....	447,744
" Sold	402,451
" Lost	45,293
	3.33
Value lost.....	\$1,508.25
Seed Cotton made Lint.....	.2875
" " " seed .....	.61
Invisible .....	.1025

Cost to Gin a bale of Cotton \$6.32.

Labor	606.20
Repairs	253.43
Frt. & Exp.	226.38
Drayage	12.80
Genl. Exp.	113.85
Water	26.88
Tax	54.94
Interest	14.79
Inv. Coal.....	50.65
	10.74
B. & T.	214.00
Insurance	129.29
	<hr/>
	\$1,713.95

250 Coyle

23 Custom

273 Total

Affidavit.

And now comes Ed. J. Coyle, of the W. H. Coyle Company, Guthrie, Okla., and manager in charge of the cotton gin at Skedee, Okla., and states that the above items, pertaining to the cost of ginning a bale of cotton at Skedee, Okla., for the years 1912-13, is as shown by the statement above attached, \$6.32 per bale.

ED. J. COYLE.

Subscribed and sworn to before me this 29th day of November, A. D. 1915.

[SEAL.]

J. C. FLEMING,
Notary Public.

My commission expires Jan. 16th, 1916.

99 Commissioner Watson:

Q. What do you get for ginning cotton?

A. 20 cents a hundred in the seed and \$1.00 for wrapping.

Q. For a 500 pound bale of cotton what does that bring you?

A. I figure different from the other gins, a man brings in a clean load of cotton—I have ginned cotton this year—no load of cotton would make a 500 pound lint. I have had them weighing 2,000, I have charged in the seed for the reason it takes more time to feed them through and more power to gin it and it is a more satisfactory way to the farmers and the ginner by charging in the seed for the amount of seed cotton we handle to produce the lint. I never figure on the basis of the lint produced because it is unfair both to the ginner and the farmer.

Q. Then say 1,500 pounds of seed cotton, good dry cotton, would average a 500 pound bale?

A. I have had cotton that would make that this season and last season.

Q. Well 20 cents a pound would be \$3.00?

A. Yes sir.

Q. What do you charge for wrapping?

A. \$1.00.

Q. That would be \$4.00 a bale?

A. Yes sir.

Q. And it cost you six dollars and what? At Skedee or at Morrison either one?

A. At Skedee—it cost \$6.15 at the town of Morrison and \$6.32 at the town of Skedee.

Q. According to that you are losing money?

A. Losing money on the ginning proposition, yes sir.

Q. And you still stay in the business and keep on at it?

A. Yes sir.

100 Q. Why don't you get out of it?

A. We don't depend entirely upon the ginning cotton. We are engaged in the line of buying and selling cotton besides, but last year even the buying and selling the seed cotton was a loss owing to the short crops. There is not the volume of business. Like an attorney practicing law, he has got to stay with it, hoping and praying that the Commissioners or God or some other Act of Congress or Act of God will result in the farmers planting more cotton. The cost is itemized down below on the side.

Q. I think this is a report made out for Mr. Coyle to understand and not for the other fellow.

A. It is made up by the Auditor that has charge of each station and I have checked it up with the original reports at Morrison. Checked each item. I checked those two stations myself and verified the items and the other stations—

Q. I see like the other fellows you touch in drayage here, the expense of handling the cotton, charge that up and interest \$35.00.

A. Interest on the money, yes sir.

Q. That is added in to the other expenses?

A. Yes sir, you see it is account of the cotton ginning business, that item is the Morrison \$96.58 for the hauling of the seed cotton and hulls, drayage in unloading bagging and ties.

Q. Your expense account is made out in a way that I can't understand and can't get at. What is the total cost of the plant?

A. We are not figuring depreciation in the plant, the total original cost was about \$7,500.

Q. So you are not paying interest on the investment then?

A. We havn't charged any in that item. I made no charge of interest on the investment, neither have I included the depreciation.

Q. You really only had 23 bales of custom cotton to gin at 101 this gin? (meaning Skedee).

A. Yes sir.

Q. And that is one reason it made the expenses run so high?

A. Well the expenses in handling our own cotton, we apportioned expenses on the entire output.

Q. One thing I don't understand; your operating expenses are so heavy and you still stay in the business and buying more gins.

A. We are not buying any gins except where we are obliged to take them to incur the indebtedness and I will say further, I never had any complaint as to the prices charged for ginning. They will state it is quite a convenience to the trade even if they had to pay \$5. or \$6. a bale to have cotton ginned at a nearby gin where they could drive from their farm and back in a couple or three hours rather than stay a day to go to a far off gin.

Q. Do these farmers generally have much cotton to gin?

A. They generally have 25 acres, is the average field of cotton, 25 to 30 acres and the crop has been very poor the last five years.

Mr. Ames:

Q. Now why is it that you gin for your customers at less than cost?

A. Well it is to retain their good will and friendship and to secure seed cotton. We are buying all their seed cotton.

Q. In other words your custom ginning is incidental to your main business of ginning for yourself?

A. Yes sir.

Q. As a matter of doing custom ginning only would you continue in the ginning business?

A. No sir, I would not in our section of the state it would absolutely close the gins entirely. They would move to some other section. They could not be operated profitably at all. I will say to the Commissioner that 23 bales we ginned at the town of Morrison was

102 mostly by farmers who had sent off and got a fine variety of cotton seed, E. Bain, or some such variety they had to have ginned. In order to sell to their neighbors they would take unusual pains to clean out the rows and the gins and the seed pockets and get their seed separate from the others and if we gin custom ginning, you can't gin within 20 per cent. of what you could ginning continuously on your own cotton on account of the change, constant change of help.

(Witness excused.)

103 Mr. E. J. MILLER, having been first duly sworn on behalf of the defendant, testified as follows:

Mr. Ames:

Q. State your name, residence and business?

A. E. J. Miller, I live at Perry, in the grain and cotton business.

Q. Do you own a cotton gin at Perry?

A. Yes sir.

Q. You operate that yourself, do you?

A. Yes sir.

Q. How long have you been in the cotton gin business?

A. Since 1906, this is my eighth season, eighth year.

Q. Are these statements marked Exhibit J and K correct state-

ments showing the cost of ginning at your plant during the seasons there shown?

A. Yes sir.

Q. We offer these two exhibits in evidence.

Commissioner Watson: All right.

(Whereupon, said exhibits having been marked Def. Ex. J. and K. respectively, same were introduced in evidence, made a part of this record and are in words and figures as follows, to-wit:)

'104

(DEF. EX. J.)

Gin located at Perry.

Owned by E. J. Miller.

Original cost of plant \$9,437.00.

Depreciation is figured at 8 per cent and the cost of repairs is omitted entirely. All items figured in cents per bale.

	Season.		
	1910-'11.	1911-'12.	1912-'13.
Depreciation at 8 per cent.....	1.77	
Lubricants0425	
Stationery and Office Supplies.....0225	
Fuel51	
Covering97	
Salaries	1.66	
Labor79	
Taxes24	
Insurance on Plant.....4475	
Drayage2725	
Water and Light.....06	
Incidentals0625	
Operating Repairs.....1575	
Total cost per bale.....	7.0050	
Total number bales ginned.....	601	
Number ginned for custom.....	12	

STATE OF OKLAHOMA,

County of Oklahoma, ss:

I solemnly swear that the foregoing statement is true.

E. J. MILLER.

Subscribed and sworn to before me this 4th day of December 1913.

[SEAL.]

HORACE HAYDEN, JR.,
Notary Public.

My Commission expires Nov. 23, 1914.

NOTE.—By "Operating Repairs" is meant the ordinary repairs made during the operating season, caused by breakages incident to operation, such as replacement of fans, fan casings, spiders, etc.. Distributors, belts, repairs and replacement of pumps, boiler tubes, belts, pulleys, etc.

105

(DEF. EX. K.)

Gin located at Perry.

Owned by E. J. Miller.

Original cost of plant \$9,437.00.

Depreciation is figured at 8 per cent and the cost of repairs is omitted entirely. All items figured in cents per bale.

	Season.		
	1910-'11.	1911-'12.	1912-'13.
Depreciation at 8 per cent.....	1.77		
Lubricants .....	.3 $\frac{3}{4}$		
Stationery and Office Supplies.....	.2		
Fuel .....	.48		
Covering .....	.72 $\frac{3}{4}$		
Salaries—Manager's Salary.....	1.43		
Labor .....	.84		
Taxes .....	.20 $\frac{1}{2}$		
Insurance on Plant.....	.38 $\frac{1}{2}$		
Drayage .....	.30		
Water and Light.....	.06		
Incidentals .....	.05 $\frac{1}{2}$		
Operating Repairs.....	.14 $\frac{1}{2}$		
 Total cost per bale.....	 6.45 $\frac{1}{4}$		
Total number bales ginned.....	697		
Number ginned for custom.....	37		

STATE OF OKLAHOMA,

County of Oklahoma, ss:

I solemnly swear that the foregoing statement is true.

E. J. MILLER.

Subscribed and sworn to before me this 4th day of December 1913.

[SEAL.]

HORACE HAYDEN, Jr.,

Notary Public.

My Commission expires Nov. 23, 1914.

NOTE.—By "Operating Repairs" is meant the ordinary repairs made during the operating season, caused by breakages incident to operation, such as replacement of fans, fan casings, spiders, etc.. Distributors, belts, repairs and replacement of pumps, boiler tubes, belts, pulleys, etc.

106 Mr. Ames:

Q. What do you charge for custom ginning?

A. Why I charge 20 cents a hundred in the seed and \$1.25 for bagging and ties. This year and heretofore I have charged 25 cents a hundred in the seed and \$1.00 for bagging and ties.

Q. Can you gin the cotton for that price?

A. No, I can't afford to gin it for that price.

Q. These statements show here that it cost you the one year \$6.45 and the other \$7.00 for ginning. Now those statements are correct are they?

A. Yes sir.

Q. Why do you gin for your customers at less than cost?

A. Why I have such a small amount of custom work it doesn't make any material difference in the small cost of ginning the few custom bales I gin. I don't gin—about 5 per cent of the cotton I gin is custom and if I ginned it for nothing it wouldn't make any difference—that is, the biggest per cent of it is sold in the seed.

Commissioner Watson:

Q. You make your money in ginning the cotton that you buy instead of ginning for your custom?

A. Yes sir.

Mr. Ames:

Q. If you were doing custom ginning only could you do it for any less than your figures there show?

A. No, I couldn't afford to do it for any less.

Commissioner Watson:

Q. Mr. Miller, I notice that the years 1912-'13 you charged up depreciation \$1.77 a bale?

A. Yes sir.

Q. How do you make that?

A. Why I figure 8 per cent depreciation on the cost of the plant. My plant cost \$9,437.00. I have got a pretty good plant.

107 Q. How long has that been in use?

A. Since 1906.

Q. 1906?

A. Yes sir.

Q. How long has that been in use now?

A. Been in use continuously.

Q. And this is 1913?

A. Yes sir, this is my eighth season, I think.

Q. And been in use seven years?

A. I think this is my eighth season.

Q. Eighth season?

A. I used it in 1906, 1907, 1908, 1909, 1910, 1911 and 1912. This is my eighth season.

Q. What is the life of that plant?

A. Well I take unusually good care of it and keep it in first-class

good condition and I don't know how long it will last if you take good care of it the way I do. It ought to last reasonably long.

Q. Is it worth half what you paid for it now?

A. Just about. When I built that gin I paid \$5,600 and some odd dollars for the machinery alone. It is an up to date plant. I have got lots of capacity and when I built it the business justified me in putting up that kind of a plant. If I was to put up a plant now of course I wouldn't put up as expensive a plant as I now have.

Q. The plant then according to the rule of depreciation is worth just half what you paid for it?

A. I think so at the present time, to be honest about it.

Q. That would be \$4,718.50. How many bales do you gin a day there?

A. Oh that depends on the condition of the cotton and how much cotton I have got to gin, etc. I don't gin regularly at all. I haven't ginned any cotton now for two weeks. What cotton I take 108 in now I put it in the seed house and wait until I get enough to justify me in starting up in ginning.

Q. Then how many bales to you gin a day?

A. Well it is about ten or twelve, the condition the cotton is in, there is a good deal of dirt in the cotton. I have to prepare it in the condition it is in now, I have to circulate it and run it through my Richards cleaner. I prepare my cotton for ginning just the same as a mill does their wheat.

Q. Do your custom cotton the same way?

A. No sir.

Q. You estimate the cost of ginning your cotton and the custom cotton together?

A. Yes sir, the whole season.

Q. Notwithstanding it costs you a heap more to handle your cotton the way you handle it?

A. Of course, the early cotton what little custom that I do, the farmers have it done in the early part of the season, just once in a while a farmer has a bale to gin. Of course that cotton is usually pretty good and we gin it so they get the seed, but there is a very small per cent of it done with us.

Q. I notice you charge up for your manager \$1.66 a bale?

A. Yes sir, I figure that my salary for the year is worth a thousand dollars to the cotton business.

Q. What is it worth to the grain business?

A. Oh, I don't do a great deal of grain business any more.

Q. Well what is it worth?

A. \$500.00 a year.

Q. And what other business do you attend to?

A. That is all I attend to.

Q. Cotton and grain?

A. Yes sir.

Q. And that makes you \$3,500 a year your salary?

100 A. How much, \$3,500?

Q. Yes sir?

A. No sir, \$1,500 a year.

Q. You say \$2,500 for the grain business and \$1,000 for the cotton business?

A. No sir, I said \$500 for the grain business.

Q. Excuse me, \$1,500?

A. Yes sir.

Q. And you use about as much of your time for the grain business as for the cotton business?

A. Not one-fourth.

Q. Why not?

A. Well because I havn't had any elevator in the last few years and the cotton season is short and I put in the month of July, August and September in the grain business exclusively and then I start in the cotton business and look up my elevator.

Q. Now what could you hire a man to superintend this gin at?

A. I couldn't hire one the way I run it for—I don't know—I couldn't hire a man to run it the way I run it, I may be hard to please, I couldn't begin to hire him for what I have charged up there. I have a son that runs a gin over at Terlton. I give him \$1,200 a year. He doesn't gin any more cotton than I do. He is a good man though.

Q. You charge your salary here as manager per bale \$1.66 a bale and that is in 20 cents of what they get in Georgia for ginning a bale of cotton?

A. I can't help that. If I would gin six hundred bales of cotton a year I divide that up, \$1,000.

Q. And labor 79 cents a bale?

A. Yes sir. I have pretty competent help, generally, I have pretty high priced labor. My ginner \$3.50, my engineer \$3.00, my press-man \$1.50. I have two suction feeders instead of one. One suction feeder can't feed my gin.

110 Q. And gin 12 or 15 bales a day?

A. No, he can't. One man.

Q. These other fellows had a suction man and ginned 25 bales?

A. Yes sir, I have ginned 25 bales too in the early part of the season when conditions were good and favorable, but I usually have two suction feeders and pay them \$1.50 a day.

Q. What is this drayage 27½ cents?

A. That is the usual cost of drayage.

Q. You don't dray any for customers cotton?

A. No, this is pertaining to my whole season's business.

Q. And you charge that up to the customers just the same?

A. No, I don't charge that up.

Q. It is in this statement?

A. That is a statement of what it cost me to gin cotton for the year.

Q. What is this incidentals 6¼ cents?

A. Well that is water. No, I think that is telephone and donations, and Oh I don't know what all. My telephone bill generally runs \$15 or \$18 a month.

Q. You don't use the telephone in ginning custom cotton?

A. No, not in custom. My work is pretty much all seed cotton and my telephone bill is sometimes pretty large.

Q. You are not as high though as one other fellow here \$48.00 charged up to telephone?

A. Well some years I do a whole lot of telephoning and others I don't do so much. You notice in the statement I haven't charged any interest on my plant at all. My insurance is pretty high because I carry \$6,000 worth and my rate is 4½.

Q. How is it you got for covering 97 cents a bale and some other fellows have-n't got but \$.48 cents.

A. What is that I paid for my wrapping here?

111 Q. You don't know where the other fellows bought?

A. They might have bought a little earlier. It opened up that way this year. Last year mine was 72 or 3 cents.

Q. 72¾?

A. Yes sir, it depends on the cost of bagging and ties, at one time worth considerably over \$1.00.

Q. I see your depreciation both years is \$1.77 a bale and one year 601 bales and the next year 697 bales and custom ginned one year add 37 to 697 would be 734 bales?

A. No, I ginned 697 bales in one year and 601 bales in the other year.

Q. Oh, you took out the custom bales from that?

A. Oh *hes*, I include the whole thing.

Q. And yet the depreciation is just the same for 697 bales as it was for 601, \$1.77 per bale?

A. Have I got it that way?

Q. Yes sir.

A. Well now I will tell you I made them reports out and I might have just figured the depreciation the same in copying it. I might have made a clerical error, but it is a very small item, I would be willing to rectify that error.

Q. And the year you ginned less cotton you had insurance 38½ cents a bale—no, the year you ginned less cotton you had insurance 44¾ cents a bale and the year you ginned the most cotton your insurance was only 38½ cents.

A. Yes sir, I divided the amount of the insurance with the number of bales of cotton I ginned. I think it will figure out right.

Q. You will still keep that drayage in there, 30 cents a bale?

A. Well that is what I have got to pay. I am not saying I charge that up to the custom cotton at all.

Q. It is charged up to the custom cotton?

112 A. The little custom work I do wouldn't amount to nothing, what little I make I have to make out of the buying the seed and preparing the cotton, etc. just like I run my elevator. I raise my grades by mixing good wheat in with lighter wheat and cleaning and preparing it, is the only way I can make any money out of the gin and I have to be there to look after every little item.

Q. Get some of those Georgia fellows out here to gin cotton and they will make you fellows hop.

A. You ought to import some of them. If we had the cotton they have down there on our gins we could turn out some pretty nice stuff.

Q. They have longer staple cotton?

A. Their cotton is worth more money.

Q. And it takes more time to gin that cotton?

A. No, they can gin it quicker because it don't take so much cotton to make a bale.

Q. I think you are wrong there. When you get to ginning long stapled cotton it takes more time than shorter stapled cotton.

(Witness excused.)

113 Mr. WM. E. BAKER, having been first duly sworn in behalf of the defendant, testified as follows:

Mr. Ames:

Q. You may state your name?

A. Wm. E. Baker.

Q. Were you connected with the Logan County Co-operative Association during its history?

A. Yes sir.

Q. When was your first connection with it?

A. I was elected director of the company in the Spring of 1906, acted as local manager of the gin at Crescent in the season of 1906 and 1907 the first year and from that until they passed out of existence.

Q. What was the Logan County Co-operative Association?

A. It was an organization of farmers, an auxillary to the Farmers Education and Co-operative Union of America, in which we built seven gins, stock company gins, by the farmers.

Q. Those gins were all built in Logan County?

A. Yes sir.

Q. The first one was built at Crescent.

A. The first at Crescent.

Q. What season was that?

A. In the summer of 1906.

Q. And when were the others built?

A. The second one was built at Guthrie, Okla., during the fall and winter of 1906 and 1907. It wasn't built in time to operate upon only a few bales in the late spring. The one at Lowell, the one at Seward, the one at Mulhall and the one at Russell was built during the summer of 1907 and another one was acquired by purchase at Pleasant Valley in the summer of 1907.

Q. You operated the gin at Crescent during the first season?

A. Yes sir.

Q. Did you do custom ginning or did you buy cotton in the seed?

114 A. Well we did both. We started in—the idea when we built the gin was to have a custom gin. That was really the thought that we built the gin upon, but after we got the gin ready to operate the cotton began coming in, we found that the farmers and the stockholders themselves wouldn't custom gin. They had been in such a habit of selling cotton in the seed that they would insist on selling it in the seed and we were forced to buy cotton in the seed in order to keep our plant running.

Q. Have you a statement showing the cost of operating those gins?

A. Not at that time. I only have a statement showing the actual cost of operating the last year of our operation.

Q. What year was that?

A. 1909-10.

Q. Will you produce those statements?

A. Now, I would like to say by way of explanation that we were a bunch of farmers and very poorly educated in the ginning matter and our books were kept slack in some ways, they were not kept separate, the seed cotton and operation was all kept together, but the last year I was made manager myself, secretary and treasurer and the entire thing was turned over to me to see what I could do with the company. It looked like it was going to break up and the stockholders had a good bit of confidence in me. I laid off the bookkeeper, stenographer and expert machinist and took the entire positions onto myself. That year I kept the books. We did only the custom ginning that year. I know that I have every item and have it correctly. I still have the checks that were written to back up every item I have in this statement. This understand is the custom ginning. Now we had gotten to the point where we didn't have the money to buy the cotton to operate any further. The banks

wouldn't give us credit without a few of the individual farmers
115 sending in \$500 or \$1,000 or \$1,500 to start the business

and the business had proven so tricky we didn't care to get in any further and for that reason we would not do that any more and the Southwestern Cotton Oil Co., agreed to take up our indebtedness and carry us one year and buy cotton at our price. We were not to buy any cotton at all. They were to buy the cotton. We were to do the custom ginning that come in, so the work given here is entirely custom.

Q. Now what plants do these statements cover for that year?

A. This statement covers for that year the Crescent gin, the Lovell Gin, the Mulhall gin, the Russell gin, and the Seward gin, The Pleasant Valley was closed down and the Guthrie gin had been sold.

Q. Now we wish to offer in evidence the statements of these operating charges for that year with the understanding that this may be copied by the stenographer and the book returned to Mr. Baker. Of course he doesn't want to leave his book.

Commissioner Watson: All right, each one will be allowed to go in separate.

The Witness: They are all on separate pages, at the top of the book each one is itemized separately.

Mr. Ames: It is the last five pages in the book.

A. Yes sir, and there is a re-cap on the page just previous to that, making the average.

Q. The last seven pages we will offer in evidence and they will be exhibits L. M. N. O. P. and Q.

(Whereupon said exhibits were marked for identification as Def. Ex. L. M. N. O. P. and Q. respectively, made a part of the record in this case and are in words and figures as follows, towit:

Seward Gin.

212 B/C ginned.
Cost of Ginning a B/C, Year 1909 and 1910.

OKLAHOMA GIN COMPANY VS.

	Repair.		Operation.		Fixed charges. Cost per bale.
	Amount.	Cost per bale.	Amount.	Cost per bale.	
Machinery	88.20	41½	.....	.....	.....
Labor	90.76	42½	.....	.....	.....
Hardware	29.67	14	.....	.....	.....
Lumber	4.87	2	.....	.....	.....
Miscellaneous	10.70	5	.....	.....	.....
Int. & Disc.	1.70	½	.....	.....	.....
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	225.90	1.05½			
Manager			58.83	.....	.....
Engineer			65.25	.....	.....
Ginner			47.85	.....	.....
Pressman			24.67	.....	.....
Packer			28.00
Feeder			23.08
Total Labor Oper.			<hr/>	<hr/>	<hr/>
Coal			247.68	1.17
Bag. & Ties			116.65	.55
			144.30	65

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Oil	15.00	7½
Miscellaneous	14.70	7½
	<hr/>	<hr/>	<hr/>

Fixed.

Taxes	46.16	21½
Insurance	125.00	59
Manager, Office Exp., etc, apportioned .....	.....	423.10	2.00
	<hr/>	<hr/>	<hr/>
	538.33	2.52	

Interest recovered on \$6,000@10% which is over 3,000 less than cost.....

Fixed charges .....	.....	600.00	2.83
Repair .....	.....		5.63½
Operation .....	.....		1.05½
	<hr/>	<hr/>	<hr/>
Had to make .....	.....	9.21	
	<hr/>	<hr/>	<hr/>
Depreciation in value 10% of present worth .....	.....	600.00	2.83
	<hr/>	<hr/>	<hr/>
	12.04		

(DEF. EXHIBIT M.)

Russell Gin.

Cost of Ginning Per Bale Cotton, 1909 and 1910.

65 B/C Gimmed.

	Repair.		Operation.		Fixed charges. Cost per bale.
	Amount.	Cost per bale.	Amount.	Cost per bale.	
Machinery	37.34	.56	.....	.....	.....
Hardware	41.59	.64	.....	.....	.....
Labor	46.47	.71	.....	.....	.....
	<hr/> 125.40		<hr/> 1.91		
Engineer			12.80	.....	.....
Ginner & Manager			34.20	.....	.....
Pressman			12.24	.....	.....
Packer			11.37	.....	.....
Feeder			11.82	.....	.....
			<hr/> 82.43	1.27	
Total Labor Oper.			40.00	.60	.....
Coal			42.25	.65
Bag. & Ties			5.00	.08
Oil42	$\frac{1}{2}$
Int. & Disc.			2.65	$\frac{1}{2}$
Miscellaneous			<hr/> 172.75	2.23	

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Taxes	27.00	41½
Insurance	211.55	3.25½
Manager, Office Exp., etc., apportioned.....
Int. recovered on \$2,000@10% which is over 1,000 less than cost	200.00	3.08
	<hr/>	<hr/>
Fixed charges	438.55	6.75
Repair .....	.....	1.91
Operation .....	.....	2.63
	<hr/>	<hr/>
Had to make.....	.....	11.29
	<hr/>	<hr/>
Depreciation in value 10% of present worth.....	200.00	3.08
	<hr/>	<hr/>
		14.37

Mulhall Gin.

358 B/C Ginned.
Cost of Ginning a B/C for 1909 and 1910.

	Repair.		Operation.		Fixed charges.	
	Amount.	Cost per bale.	Amount.	Cost per bale.	Amount.	Cost per bale.
Machinery	18.70	.05	.....	.....	.....	.....
Labor	45.85	13	.....	.....	.....	.....
Hardware	90.67	26	.....	.....	.....	.....
Lumber	3.70	1	.....	.....	.....	.....
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	158.92	.45				
Manager			151.75		.....	.....
Engineer			121.75		.....	.....
Ginner			53.24		.....	.....
Pressman			45.90		.....	.....
Packer			46.22		.....	.....
Feeder			71.23	
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total Labor Oper.	4		490.09		1.37
Coal	4		214.77		.60
Bag. & Ties	4		224.20		.65
Oil	4		30.00		8

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Int. & Disc.	3.24	1
Miscellaneous	42.96	12
	<hr/> 1,005.26	<hr/> 2.83	
Taxes			
Insurance	126.04	35	
Manager, Office Expenses, etc., apportioned.....	190.00	53	
.....	423.10	1.18	
Int. recovered on \$6,000@10% which is over 3,000 less than cost	600.00	1.68	
Fixed charges	1,339.14	<hr/> 3.74	
Repair .....	.....	.25	
Operation .....	.....	2.83	
Had to make.....	.....	<hr/>6.82	
Depreciation in value 10% present worth.....	6.00	1.68	
	<hr/> 8.50	<hr/> 8.50	

(DEF. EX. O.)

Lovell Gin.

327 B/C Ginned.

Cost of Ginning Per B/C, 1909 and 1910.

	Repair.		Operation.		Fixed charges. Cost per bale.
	Amount.	Cost per bale.	Amount.	Cost per bale.	
Machinery	37.87	.07	.....	.....	.....
Labor	22.37	.4	.....	.....	.....
Hardware	112.23	.20	.....	.....	.....
Lumber	2.00	.5 $\frac{1}{2}$	.....	.....	.....
Miscellaneous	75.00	.14	.....	.....	.....
	<hr/> 249.47	<hr/> 45$\frac{1}{2}$			
Engineer			162.17	.....	.....
Ginner			103.75	.....	.....
Pressman			69.20	.....	.....
Packer			76.30	.....	.....
Feeder			88.59	.....	.....
Total Labor Oper.			<hr/> 500.01	<hr/> 95	.....
Coal			246.83	47
Bag. & Ties			355.55	65
Oil			25.00	5
Whang, etc.			7.40	1

THE STATE OF OKLAHOMA.

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Int. & Disc.	4.84	1
Miscellaneous	14.82	3
	<hr/>	<hr/>
Taxes	1,154.45	2.17
Insurance
Manager, Office Exp., etc., apportioned
Int., recovered on \$6,000 @ 10% which is over \$300 less than cost	<hr/>	<hr/>	1.13 1/2
Fix. Charges	1,210.48		2.26 1/2
Repair			45 1/2
Oper.			2.17
Had to make		<hr/>	4.89
Depreciation in value 10% of present worth	<hr/>	<hr/>	1.13 1/2
			<hr/>
	600.00		5.02 1/2

(DEF. EX. P.)

Crescent Gin.

921 B/C Ginned.

Cost of Ginning Per Bale, 1909-1910.

	Repair.		Operation.		Fixed charges. Cost per bale.
	Amount.	Cost per bale.	Amount.	Cost per bale.	
Machinery	24,977	27	.....	.....	.....
Hardware	11,723	12½	.....	.....	.....
Labor	9,243	10	.....	.....	.....
Lumber	5,740	6	.....	.....	.....
Miscellaneous	475	1½	.....	.....	.....
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	52,158	56			
Engineer			296.65	.....	.....
Ginner			163.50	.....	.....
Pressman			117.60	.....	.....
Packer			122.00	.....	.....
Feeder			185.25	.....	.....
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total labor			885.00	96
Coal			471.75	51
Bag. & Ties			600.65	65
Int. & Disc.			9.75	1

THE STATE OF OKLAHOMA.

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Oil	40.00	$4\frac{1}{2}$
Miscellaneous	19.00	$4\frac{1}{2}$
	<hr/>	<hr/>	
Taxes			
Insurance	11		
Manager, Office Exp, etc, apportioned	125.00	$13\frac{1}{2}$	
	<hr/>	<hr/>	
Interest recovered on \$6,000@10% which is 390 less than cost	600.00	65	
	<hr/>	<hr/>	
Fix. Charges	1,284.72	$1,35\frac{1}{2}$	
Repair		56	
Oper.		$2,19\frac{1}{2}$	
	<hr/>	<hr/>	
Had to make	4.11		
	<hr/>	<hr/>	
Depreciation in value 10% of present worth	600.00	.64	
	<hr/>	<hr/>	
Man. Cost		40	
	<hr/>	<hr/>	
		5.15	

(Here follows Def. Ex. Q, marked page 121.)

(DEF. EX. Q.)

	B/c.	Repairs.	Cost per B/c.	Operation.	Cost per B/c.	Fixed chg.	Cost per B/c.	Total.	Per B/c.	Deprecia-tion in value.	Per B/c.	Total.	Per B/c.
Crescent	921	521.58	.56	2,026.11	2.19½	1,248.72	1.35½	3,796.41	4.11	600.00	.65	4,396.41	4.75
Lovell	527	249.17	.45½	1,154.45	2.17	1,210.48	2.26½	2,614.40	4.89	600.00	1.13½	3,214.40	5.02½
Mulhall	358	158.92	.25	1,095.26	2.83	1,339.14	3.74	2,503.32	6.82	600.00	1.68	3,103.32	8.50
Russell	65	125.40	1.91	172.75	2.63	438.55	6.75	736.70	11.29	200.00	3.08	936.70	14.37
Seward	212	225.90	1.05½	538.33	2.52	594.26	2.83	1,358.40	9.21	600.00	2.83	1,598.10	12.04
Total	2,083	1,281.27	.61	4,896.90	2.35	4,831.15	2.32	11,009.32	5.28	2,600.00	1.25	13,609.32	6.53

122 The Witness: That statement was made at the close of the season that year and has been in my possession since.

Mr. Ames:

Q. Well I will get you to state what the total cost there per bale that season at each of those plants was that we may have it here in addition to the statement; you may have to look at the book to answer that question?

A. Yes sir. Well now there is one thing I would like to explain here, the depreciation in value, I have used 10 per cent as a depreciation in value and the reason I did that was that these plants had cost us, the four stand plants of which there were five, \$10,000 apiece. We were then about to be closed out under mortgage and the mortgages at that time amounted to \$3,000 apiece on these plants and we couldn't sell them for \$6000. We tried every means to sell to individuals or organized individuals and pay them, so during their life they had depreciated. Then I took \$10,000 which we couldn't sell them for. At the end of three years they had depreciated \$4,000.

Commissioner Watson:

Q. That was owing to the mortgaged condition?

A. Well it was more under the condition Judge of the amount of business and the way the cotton raising had slackened off, the raising in the meantime had fallen from the time we first began to build our gins. Now then for Crescent inclusive of interest we were paying that year on the indebtedness and the depreciation in value \$4.75 per bale, 921 bales ginned. Lovell 527.

Q. Now the depreciation you took off was 10 percent?

A. 10 per cent of the \$6,000. The original investment was \$10,000. The Lovell gin 527 bales, using 10 per cent of \$3,000 at this time depreciation and interest at 10 per cent on the same amount \$5,025.

123 Q. Does the state allow you 10 per cent interest?

A. 10 per cent interest on the \$6,000.

Q. That is beyond the legal rate?

A. Well there is a part of those notes.

Mr. Ames: 10 per cent. 10 per cent wasn't beyond the legal rate.

Commissioner Watson: It is now.

A. At that time there were some of those notes that we were paying 12 on and if not paid in a certain time that the interest was higher and it averaged about 10 per cent, 9 was the cheapest we paid at that time. Mulhall ginned 358 bales, it was a four-stand gin, \$6,000 value interest 10 per cent and depreciation the same \$8.50; Russell ginned 65 bales. I valued it at \$2,000. It was a two stand gin, interest 10 per cent, depreciation the same, \$14.37.

Q. A bale?

A. Yes sir. Seward ginned 212 bales. It was a four stand gin,

the same as the others mentioned, interest 10 per cent on \$6,000 and depreciation 10 per cent \$12.04.

Mr. Ames:

Q. Now Mr. Baker, what were you getting for custom ginning the previous years?

A. The first year after we were organized we charged \$3.00, the second year at the bank at a stockholders' meeting called for the purpose of trying to raise money and other things pertaining to the business, the price was raised from \$3.00 to \$3.50.

Commissioner Watson:

Q. Is that ginning alone or ginning and wrapping?

A. Ginning and wrapping.

Mr. Ames:

Q. You have found from your actual experience that you lost money at those prices?

A. Well we went out of business at the close of this year here.

124 Q. In four years you lost enough money to lose all the gins?

A. Yes sir.

Commissioner Watson:

Q. Supposing you had gotten about 2000 bales of cotton at each gin a year what would you have done?

A. Well if we had been doing custom ginning alone, Judge, I couldn't say, because I have never been able to have the records on that kind of ginning alone.

Q. You know that the fewer bales that you gin the more per bale it costs you to gin it?

A. Yes sir.

Q. And if you had a number of bales of cotton to gin it would have cost you much less?

A. It would have cost less, that is true, but as to just how much I couldn't tell.

Q. You never had much experience in ginning cotton before?

+ Before this?

Q. Yes sir.

A. Well no.

Q. And a good many of your friends that went into that had about as much experience as you had likely?

A. Yes sir.

Q. It was an unfortunate investment for all of you?

A. It turned out to be so.

Q. And cannot be considered as a fair sample for figuring on investment in another section of the country where there is an abundance of cotton grown?

A. Well of course I am only testifying to the one locality.

Q. Well it couldn't be a fair sample to a section of the country

where there is a great deal of cotton grown, when one gin got 2000 or 3000 bales of cotton ginned?

A. Well I couldn't testify as to only what I am acquainted with.

125 Q. Now do you think that would be a comparison to a gin that got 2800 and 2900 bales of cotton to a gin?

A. The figures wouldn't be the same.

Mr. Ames:

Q. Mr. Baker, the gins you built were all placed in towns where there were other gins already in existence?

A. Yes sir, all excepting Russell.

Q. Mr. Baker, you spoke of the Farmers Union gins in Logan County. Do you know whether a number of farmers union gins were built in Lincoln County and Payne?

A. Yes sir.

Q. Do you know about how many there were?

A. No, I don't know the number Judge, but in Lincoln County there was one at Agra, one at Wellston, one at Chandler, and there are some others that I heard of in the time while I was connected with mine. Anyway I know they have all failed. There is one in Payne County Mr. Bellis has a controlling interest in that has a few former stockholders yet. That is the only one I know of.

Q. All those gins built by the farmers union people in Logan, Lincoln and Payne Counties have failed?

A. Yes sir.

Q. And one of them was at Chandler?

A. Yes sir.

Q. Now those gins as a general proposition were trying to gin cotton for \$3.50 a bale?

A. Well that was the established price for that year. I couldn't swear just exactly what they charged, but I know that was understood among us fellows after the panic that all these fellows were charging about that price.

Commissioner Watson: That was the last year they were in business?

A. That was in 1909-1910 we changed the price, just a few days after the panic and it remained then at \$3.50 during the rest of our life as the Farmers Union.

126 Q. And the Farmers Union finally failed themselves?

A. Yes sir.

Q. And the whole business went out of business. There is no Farmers Union now is there?

A. Not that I know of.

Q. And the union failed?

A. Yes sir.

Q. And everything they took hold of failed?

A. There was no stores up in that part of the country. It was only gins. I believe there was a store at Edmond out there.

Q. Do you know of anything that the farmers union took hold of that succeeded.

A. Well the principal thing we took hold of was cotton gins and the oil mill. I know we didn't succeed in any of that.

Q. Do you know of anything that they took hold of that succeeded?

A. No, that is the only thing I am acquainted with that I mentioned.

(Witness excused.)

127 Mr. E. Cook, having been first duly sworn, on behalf of the defendant, testified as follows:

Mr. Ames:

Q. State your name and residence?

A. E. Cook, Guthrie, Oklahoma, president of the Guthrie Cotton Oil Co.

Q. Are you in the cotton ginning business?

A. I am.

Q. How long have you been in the business, Mr. Cook?

A. Since the fall of 1904.

Q. 1904?

A. 1904.

Q. In Logan County all that time?

A. Well in Lincoln County part of that time, at Wellston for the fall of 1904 and 1905 and 1905 and 1906 at Wellston.

Q. And the balance of the time in Logan County?

A. Yes sir, and other counties.

Q. Are you familiar with the general history of the cotton ginning business in Logan County?

A. Reasonably so.

Q. Were any of the gins in that county built by cotton seed oil mills?

A. Yes sir.

Q. How many?

A. Two.

Q. How many gins are there in the county?

A. Thirty.

Q. Are you familiar with the history of the cotton gins in Payne County?

A. Most of them.

Q. Were any of them built by cotton seed oil mills?

A. I believe not.

Q. Are you familiar with the gins in Pawnee County?

128 A. Most of them.

Q. How many are in Pawnee?

A. Nine I think.

Q. Were any of them built by cotton seed oil mills?

A. One.

Q. Now with the exception of the two gins in Logan County and the one in Pawnee, all the other gins of those three counties—

A. Wait a minute—change that one to two.

A. Two in Pawnee. Excepting those four, the others were built in the normal development of the ginning business in this state?

A. Yes sir.

Q. You operate some gins now do you?

A. I do.

Q. Are these papers I hand you a statement of the operating cost of the gins under your charge?

A. These are.

Q. I will ask that these statements be marked as exhibits R. to Z. and 1 to 7 both inclusive and offer them in evidence.

Commissioner Watson: All right.

(Whereupon said statements were introduced in evidence, marked for identification as Defendant's Exhibits R. S. T. U. V. W. X. Y. and Z. and No's 1, 2, 3, 4, 5, 6, and 7, respectively, made a part of the record in this case and are in words and figures as follows, to-wit:)

129

(DEF. EX. R.)

Gin located at Blackburn, Okla.

Owned by _____.

Original cost of plant, \$544.23.

Depreciation is figured at 8 per cent and the cost of repairs is omitted entirely. All items figured in cents per bale.

	Season.		
	1910-'11.	1911-'12.	1912-'13.
Depreciation at 8 per cent.....	.95	.824	.95½
Lubricants .....	.05	.046	.03¾
Stationery and Office Supplies Exp. ....	.07½	.22	.13½
Fuel .....	.71	.898	.69
Covering .....	.70	.714	.79
Salaries .....	.44	.91	.63
Labor	1.27	1.64	1.15
Taxes .....	.04	.145	.22½
Insurance on Plant.....	.25½	.278	.30½
Drayage	1.38	1.03	1.24
Water and Light, Gen. Exp.....	.40	.38	.46
Incidentals, Int. on Cotton.....	.28	.15	.10
Operating Repairs .....	.43	.194	.17½
Total cost per bale.....	6.98	7.427	6.89
Total number bales ginned.....	465	496	393
Number ginned for custom.....	2	233	50

STATE OF OKLAHOMA,
County of Logan, ss:

I solemnly swear that the foregoing statement is true.

E. COOK.

Subscribed and sworn to before me this 3rd day of December, 1913.

[SEAL.]

GEORGE TIPTON,
Notary Public.

My commission expires Sept. 19, 1914.

NOTE.—By "Operating Repairs" is meant the ordinary repairs made during the operating season, caused by breakages incident to operation, such as replacement of fans, fan casings, spiders, etc., distributors belts, repairs and replacement of pumps, boiler tubes, belts, pulleys, etc.

130

(DEF. EX. S.)

Gin located at Cashion.

Owned by _____.

Original cost of plant, \$7472.10.

Depreciation is figured at 8 per cent and the cost of repairs is omitted entirely. All items figured in cents per bale.

	Season.		
	1910-'11.	1911-'12.	1912-'13.
Depreciation at 8 per cent.....	1.13½	1.86½	1.23¼
Lubricants .....	.04½	.03	.02¾
Stationery and Office Supplies Expenses .....	.03½	.19	.04
Fuel .....	.88	.73	.88
Covering .....	.70	.573	.80
Salaries—Office men.....	.28	.80½	.50
Labor	1.70½	1.332	1.20
Taxes .....	.06	.25	.20½
Insurance on Plant.....	.29½	.55	.30½
Drayage .....	.46½	.232	.38¾
Water and Light, Gen. Expense...	.40	.38	.46
Incidentals .....	.12	.082	.10
Operating Repairs .....	.49	1.15	.42½
Total cost per bale.....	6.61	8.17	6.26¼
Total number bales ginned.....	526	295	410
Number ginned for custom.....	95	146	105

STATE OF OKLAHOMA,
County of Logan, ss:

I solemnly swear that the foregoing statement is true.

E. COOK.

Subscribed and sworn to before me this 3rd day of December, 1913.

[SEAL.]

GEORGE TIPTON,
Notary Public.

My commission expires Sept. 19, 1914.

NOTE.—By "Operating Repairs" is meant the ordinary repairs made during the operating season, caused by breakages incident to operation, such as replacement of fans, fan casings, spiders, etc. Distributors belts, repairs and replacement of pumps, boiler tubes, belts, pulleys, etc.

131

(DEF. EX. T.)

Gin located at Coyle.

Owned by _____.

Original cost of plant \$8421.26.

Depreciation is figured at 8 per cent and the cost of repairs is omitted entirely. All items figured in cents per bale.

	Season.		
	1910-'11.	1911-'12.	1912-'13.
Depreciation at 8 per cent.....	1.35	....	.92 $\frac{3}{4}$
Lubricants .....	.04 $\frac{1}{2}$	....	.03 $\frac{1}{4}$
Stationery and Office Supplies exp.	.16	....	.40 $\frac{1}{4}$
Fuel .....	.55	did	.46 $\frac{1}{2}$
Covering .....	.70	....	.79 $\frac{1}{2}$
Salaries, Office man.....	.62	....	.67 $\frac{1}{2}$
Labor .....	.94	not	2.25
Taxes .....	.04	....	.08 $\frac{3}{4}$
Insurance on Plant.....	.36	....	.22
Drayage .....	.07 $\frac{1}{2}$	....	.17
Water and Light, Gen. Exp.....	.40	....	.46
Incidentals, Interest .....	.11	....	.10
Operating Repairs .....	.14	....	.46
Total cost per bale.....	5.49	....	7.04 $\frac{1}{2}$
Total number bales ginned.....	499	....	668
Number ginned for custom.....	34	....	107

STATE OF OKLAHOMA,
County of Logan, ss:

I solemnly swear that the foregoing statement is true.

E. COOK.

Subscribed and sworn to before me this 3rd day of December, 1913.

[SEAL.]

GEORGE TIPTON,
Notary Public.

My Commission expires Sept. 19, 1914.

NOTE.—By "Operating Repairs" is meant the ordinary repairs made during the operating season, caused by breakages incident to operation, such as replacement of fans, fan casings, spiders, etc. Distributors belts, repairs and replacement of pumps, boiler tubes, belts, pulleys, etc.

132

(DEF. EX. U.)

Gin located at Crescent.

Owned by _____. _____.

Original cost of plant \$8664.69.

Depreciation is figured at 8 per cent and the cost of repairs is omitted entirely. All items figured in cents per bale.

	Season.		
	1910-'11.	1911-'12.	1912-'13.
Depreciation at 8 per cent.....	.48	.34 $\frac{3}{4}$	.57
Lubricants .....	.02 $\frac{1}{2}$	.013	.02 $\frac{1}{4}$
Stationery and Office Supplies Exp. ....	.11	.552	.13
Fuel .....	.61 $\frac{1}{2}$	.564	.48
Covering .....	.70	.734	.80
Salaries, Office man.....	.48 $\frac{1}{2}$	.392	.57 $\frac{1}{2}$
Labor	1.55	.899	1.18 $\frac{1}{2}$
Taxes .....	.02 $\frac{1}{2}$	.15	.09 $\frac{1}{2}$
Insurance on Plant.....	.16 $\frac{1}{2}$	.137	.20 $\frac{1}{2}$
Drayage .....	.03	.088	.04 $\frac{3}{4}$
Water and Light, Gen. Expense....	.40	.38	.46
Incidentals, Interest .....	.17 $\frac{1}{2}$	.146	.15 $\frac{1}{4}$
Operating Repairs .....	.42	.225	.39 $\frac{1}{4}$
Total cost per bale.....	5.18	4.62 $\frac{3}{4}$	5.11 $\frac{1}{2}$
Total number bales ginned.....	1446	1826	1028
Number ginned for custom.....	121	428	45

STATE OF OKLAHOMA,
County of Logan, ss:

I solemnly swear that the foregoing statement is true.

E. COOK.

Subscribed and sworn to before me this 3rd day of December, 1913.

[SEAL.]

GEORGE TIPTON,

Notary Public.

My Commission expires Sept. 19, 1914.

NOTE.—By "Operating Repairs" is meant the ordinary repairs made during the operating season, caused by breakages incident to operation, such as replacement of fans, fan casings, spiders, etc. Distributors belts, repairs and replacement of pumps, boiler tubes, belts, pulleys, etc.

133

(DEF. EX. V.)

Gin located at El Reno.

Owned by _____.

Original cost of plant \$3643.23 for 1911-12 & 12-13.

Depreciation is figured at 8 per cent and the cost of repairs is omitted entirely. All items figured in cents per bale.

	Season.		
	1910-'11.	1911-'12.	1912-'13.
Depreciation at 8 per cent Rental..	1.00	.31	.36
Lubricants .....	.03½	.01	.03
Stationery and Office Supplies Ex- pense .....	.25	.232	.08½
Fuel .....	.82	1.044	.97¾
Covering .....	.70	.546	.74
Salaries, Office man.....	.60	.57	.57¾
Labor .....	.77	1.26	1.61
Taxes .....	..	.01	.06
Insurance on Plant.....	.07½	.11	.16¾
Drayage .....	.28½	.134	.08¼
Water and Light, Gen. Expense...	.40	.38	.46
Incidentals, Interest .....	.06	.07	.15
Operating Repairs .....	.11	.53	.99
Total cost per bale.....	5.10½	5.206	6.29
Total number bales ginned.....	318	934	739
Number ginned for custom.....	33	327	194

STATE OF OKLAHOMA,
County of Logan, ss:

I solemnly swear that the foregoing statement is true.

E. COOK.

Subscribed and sworn to before me this 3rd day of December, 1913.

[SEAL.]

GEORGE TIPTON,
Notary Public.

My Commission expires Sept. 19, 1914.

NOTE.—By "Operating Repairs" is meant the ordinary repairs made during the operating season, caused by breakages incident to operation, such as replacement of fans, fan casings, spiders, etc. Distributors belts, repairs and replacement of pumps, boiler tubes, belts, pulleys, etc.

134

(DEF. EX. W.)

Gin located at Fallis.

Owned by _____.

Original cost of plant \$5956.98.

Depreciation is figured at 8 per cent and the cost of repairs is omitted entirely. All items figured in cents per bale.

	Season.		
	1910-'11.	1911-'12.	1912-'13.
Depreciation at 8 per cent.....	1.34½	.99	1.31
Lubricants .....	.04½	.036	.03½
Stationery and Office Supplies Exp. ....	.28	.232	.19
Fuel .....	.63	.648	.62½
Covering .....	.70	.728	.78½
Salaries, Office Man .....	.69	.547	.73½
Labor	1.47	1.099	1.41½
Taxes .....	.07	.141	.29½
Insurance on Plant.....	.44	.352	.37¾
Drayage .....	.43	.328	.27½
Water and Light, Gen. Expense....	.40	.38	.46
Incidentals, Interest .....	.15	.15	.15
Operating Repairs .....	.73	.587	.37¼
Total cost per bale.....	7.38	6.218	7.02½
Total number bales ginned.....	354	443	308
Number ginned for custom.....	117	67	30

STATE OF OKLAHOMA,
County of Logan, ss:

I solemnly swear that the foregoing statement is true.

E. COOK.

Subscribed and sworn to before me this 3rd day of December, 1913.

[SEAL.]

GEORGE TIPTON,
Notary Public.

My Commission expires Sept. 19, 1914.

NOTE.—By "Operating Repairs" is meant the ordinary repairs made during the operating season, caused by breakages incident to operation, such as replacement of fans, fan casings, spiders, etc. Distributors belts, repairs and replacement of pumps, boiler tubes, belts, pulleys, etc.

135

(DEF. EX. X.)

Gin located at Guthrie.

Owned by ——.

Original cost of plant \$16091.93.

Depreciation is figured at 8 per cent and the cost of repairs is omitted entirely. All items figured in cents per bale.

	Season.		
	1910-'11.	1911-'12.	1912-'13.
Depreciation at 8 per cent.....	1.01 $\frac{3}{4}$	.71 $\frac{3}{4}$	.98 $\frac{1}{4}$
Lubricants .....	.05	.044	.03 $\frac{1}{2}$
Stationery and Office Supplies Exp. ....	.10	.429	.52
Fuel .....	.39	.493	.50 $\frac{3}{4}$
Covering .....	.70	.751	.80
Salaries, Office man .....	.37	.434	.55
Labor	1.27	.95	1.06 $\frac{1}{4}$
Taxes .....	.10	.147	.16 $\frac{1}{2}$
Insurance on Plant .....	.12	.098	.13 $\frac{1}{2}$
Drayage .....	.21 $\frac{1}{2}$	.203	.18 $\frac{1}{2}$
Water and Light, Gen. Expense...	.40	.38	.46
Incidentals, Interest .....	.15	.15	.15
Operating Repairs .....	.63 $\frac{1}{2}$	.739	.58
Total cost per bale.....	5.51 $\frac{3}{4}$	% .53 $\frac{1}{2}$	6.13 $\frac{1}{2}$
Total number bales ginned.....	1265	1467	1105
Number ginned for custom.....	256	531	359

STATE OF OKLAHOMA,
County of Logan, ss:

I solemnly swear that the foregoing statement is true.

E. COOK.

Subscribed and sworn to before me this 3rd day of December, 1913.

[SEAL.]

GEORGE TIPTON,
Notary Public.

My Commission expires Sept. 19, 1914.

NOTE.—By "Operating Repairs" is meant the ordinary repairs made during the operating season, caused by breakages incident to operation, such as replacement of fans, fan casings, spiders, etc. Distributors belts, repairs and replacement of pumps, boiler tubes, belts, pulleys, etc.

136

(DEF. EX. Y.)

Gin located at Hennessey.

Owned by _____. _____.

Original cost of plant \$1,993.00.

Depreciation is figured at 8 per cent and the cost of repairs is omitted entirely. All items figures in cents per bale.

	Season.		
	1910-'11.	1911-'12.	1912-'13.
Depreciation at 8 per cent.....	1.00	.28	.32½
Lubricants .....	.09	.028	.04½
Stationery and Office Supplies Exp. ....	.22	.118	.37
Fuel	1.26	.63	.54¾
Covering .....	.70	.652	.74
Salaries Office man	1.20	.541	.99½
Labor	1.86	1.495	1.37
Taxes .....	.05	.024	.20½
Insurance on Plant .....	.55	.147	.30
Drayage .....	.43	.53	.45½
Water and Light General Exp. ...	.40	.38	.46
Incidentals, Interest .....	.19	.17	.16
Operating Repairs	1.16	.63	.48¾
Total cost per bale	9.11	5.62½	6.46
Total number bales ginned	160	522	416
Number ginned for custom	4	143	25

STATE OF OKLAHOMA,
County of Logan, ss:

I solemnly swear that the foregoing statement is true.

E. COOK.

Subscribed and sworn to before me this 3rd day of December, 1913.

[SEAL.]

GEORGE TIPTON,
Notary Public.

My Commission expires Sept. 19, 1914.

NOTE.—By "Operating Repairs" is meant the ordinary repairs made during the operating season, caused by breakages incident to operation, such as replacement of fans, fan casings, spiders, etc. Distributors belts, repairs and replacement pumps, boiler tubes, belts, pulleys, etc.

137

(DEF. EX. Z.)

Gin located at Iconium.

Owned by _____. _____.

Original cost of plant \$_____. _____.

Depreciation is figured at 8 per cent and the cost of repairs is omitted entirely. All items figured in cents per bale.

	Season.		
	1910-'11.	1911-'12.	1912-'13.
Depreciation at 8 per cent.....			
Lubricants .....	.07	....	.16½
Stationery and Office Supplies Exp. .11		.464	.16
Fuel ..... .75		....	.79
Covering ..... .70		.52	.80
Salaries—Office man ..... .69		1.57	
Labor 2.16		2.77	2.74½
Taxes ..... .71			.82½
Insurance on Plant ..... .50		1.416	.92¼
Drayage ..... .10		.165	.15½
Water and Light, Gen. Expense... .40		.38	.46
Incidentals, Interest ..... .15		.448	.15
Operating Repairs ..... .56		6.72	2.12½
Rental ..... .75		.75	.75
Total cost per bale..... 6.94		15.913	9.77½
Total number bales ginned..... 217		72	68
Number ginned for custom 76		38	18

STATE OF OKLAHOMA,
County of Logan, ss:

I solemnly swear that the foregoing statement is true.

E. COOK.

Subscribed and sworn to before me this 3rd day of December, 1913.

[SEAL.]

GEORGE TIPTON,
Notary Public.

My Commission expires Sept. 19, 1914.

NOTE.—By "Operating Repairs" is meant the ordinary repairs made during the operating season, caused by breakages incident to operation, such as replacement of fans, fan casings spiders, etc. Distributors belts, repairs and replacement pumps, boiler tubes, belts, pulleys, etc.

138

(DEF. EX. 1.)

Gin located at Kelleyville.

Owned by

Original cost of plant \$7,431.25.

Depreciation is figured at 8 per cent. and the cost of repairs is omitted entirely. All items figured in cents per bale.

	Season.		
	1910-'11.	1911-'12.	1912-'13.
Depreciation at 8 per cent.....	1.36½	1.11¾	1.14
Lubricants & Sund (?) .....	.51	.021	.02¾
Stationery and Office Supplies Exp. ....	.07	.14	.23½
Fuel .....	.54	.931	.96
Covering .....	.70	.765	.80
Salaries Office man.....	.40	.475	.66¾
Labor	1.42	1.80	1.73
Taxes .....	.07	.15	.14¼
Insurance on Plant.....	.38	.34	.26
Drayage .....	.41	.354	.49
Water and Light Gen. Expense....	.40	.38	.46
Incidentals, Interest .....	.07	.026	.15
Operating Repairs .....	.52	1.33	.65
Total cost per bale.....	6.85½	7.83	7.71¼
Total number bales ginned.....	435	490	441
Number ginned for custom.....	6	24	6

STATE OF OKLAHOMA,
County of Logan, ss:

I solemnly swear that the foregoing statement is true.

E. COOK.

Subscribed and sworn to before me this 3rd day of December, 1913.

[SEAL.]

GEORGE TIPTON,
Notary Public.

My Commission expires Sept. 19, 1914.

NOTE.—By "Operating Repairs" is meant the ordinary repairs made during the operating season, caused by breakages incident to operation, such as replacement of fans, fan casings, spiders, etc. Distributors, belts, repairs and replacement of pumps, boiler tubes, belts, pulleys, etc.

139

(DEF. EX. 2.)

Gin located at Meridian.

Owned by

Original cost of plant \$9,430.96.

Depreciation is figured at 8 per cent. and the cost of repairs is omitted entirely. All items figured in cents per bale.

	Season.		
	1910-'11.	1911-'12.	1912-'13.
Depreciation at 8 per cent.....	1.57	1.77½	2.04½
Lubricants .....	.03	.04	...
Stationery and Office Supplies Ex.	.13	.188	.07
Fuel .....	.60½	.44	3.93¼
Covering .....	.70	.767	...
Salaries Office man.....	.57	.754	1.64
Labor	1.86	1.26	...
Taxes .....	.05½	.162	.30¾
Insurance on Plant.....	.42	.516	.44½
Drayage .....	.05	.09	...
Water and Light General Ex.....	.40	.38	...
Incidentals, Interest .....	.15	.15	...
Operating Repairs .....	.75	.83	.91
Total cost per bale.....	7.29	7.352	9.35¾
Total number bales ginned.....	481	391	312
Number ginned for custom.....	71	62	74

STATE OF OKLAHOMA,
County of Logan, ss:

I solemnly swear that the foregoing statement is true.

E. COOK.

Subscribed and sworn to before me this 3rd day of December, 1913.

[SEAL.]

GEORGE TIPTON,
Notary Public.

My Commission expires Sept. 19, 1914.

NOTE.—By "Operating Repairs" is meant the ordinary repairs made during the operating season, caused by breakages incident to operation, such as replacement of fans, fan casings, spiders, etc. Distributors, belts, repairs and replacement of pumps, boiler tubes, belts, pulleys, etc.

Gin located at Paden.

Owned by

Original cost of plant \$3,680.54. (This $\frac{1}{2}$ int.)

Depreciation is figured at 8 per cent. and the cost of repairs is omitted entirely. All items figured in cents per bale.

	Season.		
	1910-'11.	1911-'12.	1912-'13.
Depreciation at 8 per cent.....	.43½	.42¾	.42½
Lubricants .....	.02	.021	.02¼
Stationery and Office Supplies Exp.	.16	.256	.10¾
Fuel .....	.50	.568	.48¼
Covering .....	.65½	.732	.76¼
Salaries, Office man .....	.26½	...	.45½
Labor .....	.93	1.446	1.20½
Taxes .....	.07	.077	.05¾
Insurance on Plant .....	.08	.101	.16¼
Drayage .....	.17	.30	.12¼
Water and Light General Exp....	.41	.38	.46
Incidentals, Interest .....	.15	.23	.23
Operating Repairs :.....	.23	.282	.55½
Total cost per bale.....	4.06½	4.82	5.04¾
Total number bales ginned.....	1364	1267	1172
Number ginned for custom.....	445	224	135

STATE OF OKLAHOMA,
County of Logan, ss:

I solemnly swear that the foregoing statement is true.

E. COOK.

Subscribed and sworn to before me this 3rd day of December, 1913.

[SEAL.]

GEORGE TIPTON,

Notary Public.

My Commission expires Sept. 19, 1914.

NOTE.—By "Operating Repairs" is meant the ordinary repairs made during the operating season, caused by breakages incident to operation, such as replacement of fans, fan casings, spiders, etc. Distributors belts, repairs and replacement of pumps, boiler tubes, belts, pulleys, etc.

141

(DEF. EX. 4.)

Gin located at Perkins.

Owned by

Original cost of plant \$5,724.57.

Depreciation is figured at 8 per cent. and the cost of repairs is omitted entirely. All items figured in cents per bale.

	Season.		
	1910-'11.	1911-'12.	1912-'13.
Depreciation at 8 percent.....	1.80	.61	1.68
Lubricants .....	.06	.03	.04 1/2
Stationery and Office Supplies Exp.	.24 1/2	.095	.10 3/4
Fuel .....	.99	.708	.66 1/2
Covering .....	.70	.665	.80
Salaries, Office man .....	.67	.474	.75
Labor	1.34	1.31	1.52
Taxes .....	.07	.052	.19
Insurance on Plant .....	.64 1/2	.255	.58
Drayage .....	.22	.096	.06 1/4
Water and Light Gen. Expense..	.40	.38	.46
Incidentals, Interest .....	.18	.054	.16 1/2
Operating Repairs .....	.48	.356	.47
Total cost per bale.....	7.80	5.08 1/2	7.49 1/2
Total number bales ginned.....	254	691	231
Number ginned for custom.....	5	78	11

STATE OF OKLAHOMA,
County of Logan, ss:

I solemnly swear that the foregoing statement is true.

E. COOK.

Subscribed and sworn to before me this 3rd day of December, 1913.

[SEAL.]

GEORGE TIPTON,
Notary Public.

My Commission expires Sept. 19, 1914.

NOTE.—By "Operating Repairs" is meant the ordinary repairs made during the operating season, caused by breakages incident to operation, such as replacement of fans, fan casings, spiders, etc. Distributors belts, repairs and replacement of pumps, boiler tubes, belts, pulleys, etc.

Gin located at Piedmont.

Owned by _____.

Original cost of plant, $\frac{1}{2}$ interest, \$2610.53.

Depreciation is figured at 8 per cent and the cost of repairs is omitted entirely. All items figured in cents per bale.

	Season.		
	1910-'11.	1911-'12.	1912-'13.
Depreciation at 8 per cent.....	2.543 $\frac{1}{4}$	4.49	
Lubricants .....	.07		
Stationery and Office Supplies Exp.	.09	.17	Idle
Fuel .....	.60	1.57	1912-13
Covering .....	.70	.85	
Salaries, Office man.....	.91 $\frac{1}{2}$	1.136	
Labor	1.04	1.20	
Taxes .....	.24 $\frac{1}{2}$	.27	
Insurance on Plant.....	.58	1.078	
Drayage .....	.21	.04	
Water and Light, Gen. Exp.....	.40	.38	
Incidentals, Interest.....	.33 $\frac{1}{2}$	.62 $\frac{1}{2}$	
Operating Repairs.....	.14	.23	
Total cost per bale.....	7.87 $\frac{1}{4}$	12.03 $\frac{1}{2}$	
Total number bales ginned.....	164	88	
Number ginned for custom.....	13	15	

STATE OF OKLAHOMA,
County of Logan, ss:

I solemnly swear that the foregoing statement is true.

E. COOK.

Subscribed and sworn to before me this 3rd day of December, 1913.

[SEAL.]

GEORGE TIPTON,
Notary Public.

My Commission expires Sept. 19, 1914.

NOTE.—By "Operating Repairs" is meant the ordinary repairs made during the operating season, caused by breakages incident to operation, such as replacement of fans, fan casings, spiders, etc. Distributors belts, repairs and replacement of pumps, boiler tubes, belts, pulleys, etc.

143

(DEF. EX. 6.)

Gin located at Seward.

Owned by ——.

Orginal cost of plant \$5,106.30.

Depreciation is figured at 8 per cent and the cost of repairs is omitted entirely. All items figured in cents per bale.

	Season.		
	1910-'11.	1911-'12.	1912-'13.
Depreciation at 8 per cent.....	1.41½	1.044	1.17½
Lubricants .....	.05	.06	.03¼
Stationery and Office Supplies Exp. ....	.04	.05½	.10½
Fuel .....	.64	.60	.69
Covering .....	.70	.73	.80
Salaries, Office man.....	.76	.60	.62
Labor .....	.71	1.04	1.26½
Taxes .....	..	.088	.18¾
Insurance on Plant.....	.48	.40	.36
Drayage .....	.21½	.134	.05½
Water and Light, General Exp.....	.40	.38	.46
Incidentals, Interest.....	.15	.15	.15
Operating Repairs.....	.14	.51	.37
Total cost per bale.....	5.90	5.79	6.27
Total number of bales ginned.....	289	360	294
Number ginned for custom.....	35	158	102

STATE OF OKLAHOMA,
County of Logan, ss:

I solemnly swear that the foregoing statement is true.

E. COOK.

Subscribed and sworn to before me this 3rd day of December, 1913.

[SEAL.]

GEORGE TIPTON,
Notary Public.

My Commission expires Sept. 19, 1914.

NOTE.—By "Operating Repairs" is meant the ordinary repairs made during the operating season, caused by breakages incident to operation, such as replacement of fans, fan casings, spiders, etc. Distributors belts, repairs and replacement of pumps, boiler tubes, belts, pulleys, etc.

144

(DEF. EX. 7.)

Gin located at Wellston.

Owned by _____.

Original cost of plant \$10,223.96.

Depreciation is figured at 8 per cent and the cost of repairs is omitted entirely. All items figured in cents per bale.

	Season.		
	1910-'11.	1911-'12.	1912-'13.
Depreciation at 8 per cent.....	.45½	.76½	.76¼
Lubricants .....	.02½	.019	.02
Stationery and Office Supplies Exp. ....	.10½	.188	.08
Fuel .....	.34	.46	.60¾
Covering .....	.70	.78	.80
Salaries, Office man.....	.27	.475	.22½
Labor	1.55	1.40	1.39
Taxes .....	.01	.04	.08¼
Insurance on Plant.....	.14	.27	.18¾
Drayage .....	.36½	.57	.33½
Water and Light, Gen. Exp.....	.40	.38	.46
Incidentals, Interest.....	.30	.157	.20
Operating Repairs.....	.51	.734	.20¾
Total cost per bale.....	5.17	6.23¾	5.36
Total number bales ginned.....	1796	982	908
Number ginned for custom.....	688	334	401

STATE OF OKLAHOMA,
County of Logan, ss:

I solemnly swear that the foregoing statement is true.

E. COOK.

Subscribed and sworn to before me this 3rd day of December, 1913.
[SEAL.]

Notary Public.

My Commission expires Sept. 19, 1914.

NOTE.—By "Operating Repairs" is meant the ordinary repairs made during the operating season, caused by breakages incident to operation, such as replacement of fans, fan casings, spiders, etc. Distributors belts, repairs and replacement of pumps, boiler tubes, belts, pulleys, etc.

145 Mr. Ames:

Q. Were you first engaged in the gin business or in the cotton-seed oil business?

A. In the gin business.

Q. Are you associated with Houghton and Douglass?

A. I was. That is changed now to the Guthrie Cotton Oil Mill and when we were in the ginning business it was with Houghton and Douglass.

Q. And they were in the gin business before they were in the oil business?

A. Yes sir, we were organized as a ginning company.

Q. The fact is then that the cotton gin building has not been stimulated by the oil mill business.

A. Not in our territory.

Q. And you operate in Lincoln County, did you? You are familiar with that county?

A. Yes sir.

Q. The gins that have been built in this section of the state then about which we are testifying they were built by ginners and farmers just in the ordinary development of the gin and cotton business in this state?

A. I would say over 90 per cent.

Commissioner Watson:

Q. Mr. Cook, the ginning expense goes on about the same whether you are running all the time or half the time, does it?

A. Well a large part of the expense does, all except the fuel and labor. That is, the gin labor, what we call gin labor, the office expense goes on the same, all overhead expenses, Colonel, go on just the same.

Q. The labor goes on practically the same. You have it by the month or by the day?

146 A. We are operating where we have a rather small run and we hire most of our men to work only when we operate.

That is, the gin labor. The crew we usually have to hire one man steady, either an engineer or a ginner to take charge. We have to do that to keep him there and then the rest of them we hire them when we run and the labor varies considerably along that line as to the total run of the year. The office expense is the same regardless of whether we get 300 bales or 100 bales and a thousand bales, our average run, with our 24 gins. Taking it last year we run 24 gins and ginned 11,000 bales.

Q. That didn't cost you near as much per bale as where you ginned only 300 bales?

A. You see it is only a trifle over 300 bales, 11,000 bales with 24 gins. Now where you find there where we go up to a thousand bales, at Crescent, at Paden, and at Guthrie, that the labor charge is not as high as where we are down to two or three hundred bales. There is a little difference. We have to kind of stand ready to take care of the customers as they come.

Q. Now if you had close onto 3,000 bales it wouldn't cost you over half as much?

A. It wouldn't cost as much. We have never been fortunate enough to gin 3,000 and don't know. Now the overhead expense would change more than the labor would on a large run of 3,000 counting per bale, one manager and one payment of taxes and one depreciation, one repair practically would take care of the 3,000 bales, the same as it does of 500 bales, which is about our average run.

Q. I see here one expense, office man, 67½ cents for this fiscal year?

A. On what station is that?

Q. That is Coyle?

A. Yes sir.

147 Q. Is it necessary to have an office man?

A. Well that is our manager. We count our office expense separate from our gin labor, most of our places we only use one man.

Q. And labor at Coyle then this year is \$2.25 a bale?

A. Now, I will say that at Coyle that comes the nearest to a custom gin proposition of any place we have. In the operation of it competition was very close and if we got any cotton we had to have steam up all the time. We had to have the crew there. We had to have steam so we could unload. If they didn't see the steam coming out of the stack they didn't come to us.

Q. How many gins at Coyle?

A. Three.

Q. How many bales of cotton ginned there this fiscal year?

A. This last year?

Q. Yes sir, the year 1912-13?

A. That was last year.

Q. Well this fiscal year?

A. I believe there was 3,500.

Q. How many been ginned up to this time?

A. No, that is last year.

- Q. This says 1913?
- A. Well we are in 1913-14 now.
- Q. Well last year about 3,500 bales?
- A. 3,500.
- Q. What is the capacity of your gin a day?
- A. Well we have—we did have a four-stand gin, four seventies. Last year during the season we changed back to a three-stand gin.
- Q. Since 1913?
- A. No, this was in 1913. We did that in the year 1912, before the first of the year.
- 148 Q. Changed to a three-stand gin?
- A. Yes sir.
- Q. What would one of these gin in a day?
- A. We average about two bales and a half to the hour on four stands.
- Q. How many hours do you run a day?
- A. Usually about eight. We should run 10, but I am telling you the story as it is. They don't come there.
- Q. That is twenty bales a day then?
- A. Yes sir.
- Q. And then for 26 days you would gin 500 bales.
- A. Well in 26 days we could gin 500 bales.
- Q. Could do it?
- A. Yes sir.
- Q. And then in six months you could gin 3,000 bales?
- A. Yes sir.
- Q. Now do you think the public should be taxed for keeping up those three gins there when one gin can do all the work?
- A. Well the gins are there.
- Q. I know they are there.
- A. And now in the six months' proposition there are thirty days that half of that six months' cotton comes to town.
- Q. In thirty days?
- A. In thirty days in the year.
- Q. 1,500 bales come to town in thirty days?
- A. Yes sir, in the town of Coyle.
- Q. Then there wouldn't be any necessity for you fellows to gin only two months.
- A. But the other half don't come.
- Q. Q. Well but you say you only pay your gin crew when you are running?
- A. I told you at Coyle we had to stand ready to get them to come there at all to our gin. That is a little different from the ordinary, because competition is a little different. We have had a gin there that stood ready all the time.
- 149 Q. And the farmers have to pay for that?
- A. Well they don't pay for that.
- Q. And that is why it cost \$2.25 a bale for labor alone?
- A. You understand now Colonel that in the bringing of cotton and marketing of cotton there will be as much come ordinarily on Saturday as there will during the other five days of the week and

still you have to stand ready for the five days to be ready on Saturday if you are doing custom ginning and during the month of October—well counting from the 20th of September to the 20th of November we gather more than half of our cotton and we have to have the capacity to handle that. They couldn't wait two or three months or couldn't want to. They might. It would not be satisfactory if we tried to do that, and where we have tried to do that other people have built gins by the side of us.

Q. That is the trouble with you fellows, is that you have too many gins in the towns. Now we take the drayage 20 cents a bale. Do the farmers pay that?

A. All of that probably ought not to be in that.

Q. A great many of these other items ought not to be in there?

A. There *is* very few. There is a part of the drayage that ought not to be.

Q. Where do you get your water there?

A. From a well.

Q. Do you think that cost you 46 cents a bale?

A. Wait a minute.

Q. Water and light and General Expense?

A. We throw those three together.

Q. What consists of general expenses? Water, lights and general expenses?

A. Well that is the—just the incidentals that come along during the running of the thing for a year that we can't list with something else.

150 Q. You cannot enumerate that?

A. I could not because that is the odds and ends of the business.

Q. Is there anyone else that can enumerate it?

A. Well I could show you the record that makes these items. We keep those in a way that you could tell.

Q. Right under that you have incidental expenses again, 10 cents.

A. Yes, sir.

Q. And you have that charged twice there then. With water and light and general expenses, you said that was incidental 46 cents, and then incidental expenses right under that 10 cents, makes that two items charged twice there, the same items charged twice?

A. Let me see that. That is general expenses is the expenses on the central office at Guthrie, the pro-rata per day of the operation--of the cost of maintaining the general office at Guthrie.

Q. Well then you have labor charged up here.

A. That is gin labor.

Q. What has that Guthrie go to do with that?

A. Well you understand we have a central office and we own that gin and we hire a man for a portion of the year. Now that is the real reason why our people can live while a lot of them fail. Two men in Guthrie look after the general management of 24 gins and we hire men that we can find.

Q. Who owns those 24 gins.

A. The Guthrie Cotton Oil Company.

Q. And they control them?

A. Yes sir. Now we can hire at the town of Coyle a man for \$75 or \$85 a month for six months that if he was working that gin for himself he would have to live a year off it. He would have to live and draw salary, or should, for the year.

Q. Is that necessary?

A. Well a man ought to live, a man that has \$10,000 invested.

151 Q. You don't pay one man \$75 for twelve months?

A. Six months, I say. We save the cost half the year on account of having the head at some point to control it.

Q. Isn't that labor counted into this expense of \$2.25 a bale up there?

A. Whic- labor?

Q. That of the manager?

A. You might say he is a manager. No.

Q. Well you have that charged up there again?

A. That is true.

Q. Then you have it charged a second time?

A. No, this down here is the general expense of the whole office. Now if we had paid him a year \$75 or \$85 a month to stay there it would have twice 62.

Q. You pay that because you have got 24 gins, but suppose you didn't have but one gin you wouldn't pay that?

A. No, but you take the man's living out of it.

Q. Do you think he would charge up his living to the public?

A. Well if he runs the business and runs the gin he ought to live off of it.

Q. While he is working, but do you think the public should pay that for a year?

A. Certainly.

Q. I don't agree with you.

A. Well I really think they ought to. These other ginners that make a business of it do. And store-keepers do.

Q. They are busy all the year round. This man is only busy a half a year and the gin it closed up the other half and he might go make a crop.

A. Well he might, but ginners ought to be ginners.

Q. I think your system is all wrong. And then another thing you have got three gins in that town where you oughtn't to have but one and you require the public to pay for that.

152 A. As far as we are concerned, we put the first gin there and then other people they thought we were making too much and didn't know the conditions. They believed we were making a lot of money and they could make a lot and they come in and built another one.

Q. And they fell into the same trap you did?

A. And then still another man thought they could make it.

Q. All of them fell in the same trap?

A. Yes sir.

Q. And want the public to pay for it?

A. Well the public are the people that put the trap there. They sprung the trap.

Q. And the fellow that raises the cotton has to pay for that?

A. Well the people that have the cotton are the people who built the gins.

Q. And the Farmers Union when they got busted they got out?

A. But they put the money in there. They put the gin there.

Q. And they want to unload that on the man that grows the cotton.

A. No, I say the men that grows the cotton did it.

Q. Some few of them.

A. Most of them in our neighborhood.

Q. What per cent of the people around Coyle owns gins?

A. None of them now, but they do more than 70 per cent.

Q. You say the men that grows cotton, none of them owns any interest in the gin?

A. Not now but he built it.

Q. Now you fellows want the fellows that grows the cotton to carry on the burden that those fellows left there?

A. Well we don't want to lose all we put in there when it is their fault that the extra burden was put there. They ought to take care of their burden.

153 Q. Well they unloaded on you fellows and now you want to get back on them what they unloaded on you?

A. No, we are just asking for them to take care of their burden. They put it there.

Mr. Ames:

Q. All you want is to come here and testify as a witness in this case at the request of the defendant. You are not asking the Commission for anything, are you?

A. No.

(Witness excused.)

154 MR. H. BARKSDALE, having been first duly sworn in behalf of the defendant, testified as follows:

Mr. Ames:

Q. State your name?

A. H. Barksdale.

Q. What is your business?

A. Manager of the Chandler Cotton Oil Co.

Q. Does the Chandler Cotton Oil Co. own some gins in Lincoln County?

A. Yes sir, four.

Q. Have you a statement showing the cost of ginning cotton at those gins?

A. Yes sir.

Q. I will ask that these statements be marked exhibits 8 to 11.
 (Marked.)

We offer in evidence exhibits 8 to 11, inclusive.

(Whereupon said exhibits having been marked for identification as Def. Ex. 8, 9, 10 and 11, same were introduced in evidence, made a part of this record and are in words and figures as follows, to-wit:)

155

(DEF. EX. 8.)

Gin located at Bristow, Oklahoma.

Owned by Chandler Cotton Oil Co.

Original cost of plant \$5,500.00.

Depreciation is figured at 8 per cent and the cost of repairs is omitted entirely. All items figured in cents per bale.

	Season.		
	1910-'11.	1911-'12.	1912-'13.
Depreciation at 8 per cent.....	.48	.27	.32
Lubricants .....	.02	.03	.03
Stationery and Office Supplies.....	....	.03	.10
Fuel .....	.56	.57	.32
Covering .....	.80	.67	.68
Salaries .....	.57	.63	.62
Labor	1.51	1.07	.99
Taxes .....	.10	.08	.09
Insurance on Plant.....	.19	.13	.16
Drayage .....	.33	.28	.28
Water and Light.....	.03	.02	....
Incidentals .....	.12	.06	.11
Operating Repairs .....	.15	.09	.10
Total cost per bale.....	\$4.86	\$3.93	\$3.80
Total number bales ginned.....	907	1589	1347
Number ginned for custom.....	24	243	311

STATE OF OKLAHOMA,
County of Lincoln, ss:

I solemnly swear that the foregoing statement is true.

HARRIS BARKSDALE.

Subscribed and sworn to before me this 3rd day of December, 1913.

[SEAL.]

M. GALLAGHER,

Notary Public.

My Commission expires Dec. 10, 1916.

NOTE.—By "Operating Repairs" is meant the ordinary repairs made during the operating season, caused by breakages incident to operation, such as replacement of fans, fan casings, spiders, etc. Distributors belts, repairs and replacement of pumps, boiler tubes, belts, pulleys, etc.

Gin located at Warwick, Oklahoma.

Owned by Chandler Cotton Oil Co.

Original cost of plant \$5,500.00.

Depreciation is figured at 8 per cent and the cost of repairs is omitted entirely. All items figured in cents per bale.

	Season.		
	1910-'11.	1911-'12.	1912-'13.
Depreciation at 8 per cent.....	1.09	.86	.53
Lubricants .....	.02	.05	.05
Stationery and Office Supplies.....	.20	.10	.06
Fuel .....	.75	.47	.48
Covering .....	.71	.72	.66
Salaries .....	.84	.78	.65
Labor	1.58	1.08	1.58
Taxes .....	.20	.13	.06
Insurance on Plant.....	.43	.41	.26
Drayage .....	.26	.25	.32
Water and Light.....	.13	...	...
Incidentals .....	.07	.08	.06
Operating Repairs .....	.23	.27	.53
Total cost per bale.....	\$6.51	\$5.20	\$5.24
Total number bales ginned.....	402	510	822
Number ginned for custom.....	118	190	266

STATE OF OKLAHOMA,

County of Lincoln, ss:

I solemnly swear that the foregoing statement is true.

HARRIS BARKSDALE.

Subscribed and sworn to before me this 1st day of December, 1913.

[SEAL.]

ED G. KEEGAN,

Notary Public.

My Commission expires —

NOTE.—By "Operating Repairs" is meant the ordinary repairs made during the operating season, caused by breakages incident to operation, such as replacement of fans, fan casings, spiders, etc. Distributors belts, repairs and replacement of pumps, boiler tubes, belts, pulleys, etc.

157

(DEF. EX. 10)

Gin located at Davenport, Oklahoma.
 Owned by Chandler Cotton Oil Co.
 Original cost of plant \$5,000.00.
 Depreciation is figured at 8 per cent and the cost of repairs is omitted entirely. All items figured in cents per bale.

	Season.		
	1910-'11.	1911-'12.	1912-'13.
Depreciation at 8 per cent.....	.39	.58	.46
Lubricants .....	.02	.03	.03
Stationery and Office Supplies....	.09	.08	.10
Fuel .....	.52	.55	.63
Covering .....	.72	.65	.73
Salaries .....	.42	.50	.41
Labor	1.10	1.34	1.04
Taxes .....	.03	.10	.05
Insurance on Plant.....	.17	.27	.21
Drayage .....	.22	.25	.27
Water and Light.....	.14	...	..
Incidentals .....	..	.06	.11
Operating Repairs .....	.11	.08	.19
Total cost per bale.....	\$3.93	\$4.49	\$4.23
Total number bales ginned.....	1019	669	859
Number ginned for custom.....	212	121	168

STATE OF OKLAHOMA,
County of Lincoln, ss:

I solemnly swear that the foregoing statement is true.

HARRIS BARKSDALE.

Subscribed and sworn to before me this 1 day of December, 1913.

[SEAL.]

ED G. KEEGAN,
Notary Public.

My Commission expires —

NOTE.—By "Operating Repairs" is meant the ordinary repairs made during the operating season, caused by breakages incident to operation, such as replacement of fans, fan casings, spiders, etc. Distributors belts, repairs and replacement of pumps, boiler tubes, belts, pulleys, etc.

158

(DEF. EX. 11.)

Gin located at Depew, Oklahoma.

Owned by Chandler Cotton Oil Co.

Original cost of plant \$5,000.00.

Depreciation is figured at 8 per cent and the cost of repairs is omitted entirely. All items figured in cents per bale.

	Season.		
	1910-'11.	1911-'12.	1912-'13.
Depreciation at 8 per cent.....53
Lubricants03
Stationery and Office Supplies.....10
Fuel62
Covering62
Salaries59
Labor	1.61
Taxes10
Insurance on Plant.....24
Drayage27
Water and Light.....	
Incidentals15
Operating repairs26
Total cost per bale.....	\$5.12
Total number bales ginned.....	750
Number ginned for custom.....	210

STATE OF OKLAHOMA,
County of Lincoln, ss:

I solemnly swear that the foregoing statement is true.

HARRIS BARKSDALE.

Subscribed and sworn to before me this 1 day of Dec., 1913.

[SEAL.]

ED G. KEEGAN,
Notary Public.

My Commission expires —

NOTE.—By "Operating Repairs" is meant the ordinary repairs made during the operating season, caused by breakages incident to operation, such as replacement of fans, fan casings, spiders, etc. Distributors belts, repairs and replacement of pumps, boiler tubes, belts, pulleys, etc.

159 Commissioner Watson:

Q. I notice here Mr. Barksdale in the fiscal year ending 1911 you ginned 907 bales at a cost of \$4.86 a bale, your statement here?

A. Yes, sir.

Q. And in the fiscal year ending 1912 you ginned 1589 bales at a cost of \$3.93 a bale?

A. Yes sir.

Q. And the fiscal year ending 1913 you ginned 1347 bales at an average cost of \$3.80 a bale?

A. Yes sir.

Q. On that ratio if you would gin 3000 bales or close onto it what would it cost you?

A. Well I never operated a gin that handled that much and the taxes, of course, and the plant insurance and some fixed expense of a like nature would be less per bale, but the labor and bagging and ties and operating expense would run just about the same per bale.

Q. Your own statement here shows when you ginned 907 bales it cost you \$4.86.

A. Yes sir.

Q. And when you ginned 1347 bales it cost you \$3.80 a bale?

A. Yes sir.

Q. Which was 94 cents per bale less than when you ginned 907 bales?

A. Yes sir. I think you will also note there that when we ginned the 1500 bales that it was a little higher than when we ginned the 1300.

Q. Now if you had ginned 544 bales more last year how much less in proportion would that cost than it did?

A. If I had ginned 500 bales more last year how much less would it cost per bale?

160 Q. Yes sir.

A. Well that is a mathematical proposition that I would have to take a pencil and figure out.

Q. Well we will give you a paper and pencil and let you figure it out.

A. If 907 bales cost \$4.86 and 1347 bales cost \$3.80—

Q. How many bales cost \$3.80?

A. 1347. Then in that same ratio what would 2289 bales cost?

Q. What would 2289 bales cost?

A. I don't remember where we ginned 2289.

Q. I just asked you. I have given you that as a mathematical problem?

Mr. Ames: That is not a mathematical problem.

Commissioner Watson: Yes it is.

Mr. Ames: No, it is not because it is not a problem of merely mathematics, because one gin might have better gin than the other case.

Commissioner Watson:

Q. Well taking this gin report, if you ginned 2289 bales what would the difference be in cost?

A. I don't know.

Q. Can't you figure it out?

A. No sir, I can't because there is too many different propositions that might come up. It might be that my fan would have worn out and would have had to buy another fan.

Q. We are not talking about what might be, but talking what happened?

A. Well it didn't happen though. We didn't gin that 2289. We didn't do it, did we.

Q. No, but I am trying to show—

Mr. Ames: He is trying to say it is not a thing that you can figure out on ratios. It is a matter of actual experience.

161 Commissioner Watson:

Q. I see your fuel item here when you ginned 1347 bales was 32 cents per bale and when you ginned 907 bales it was 56 cents a bale?

A. Yes sir.

Q. A difference of 24 cents a bale?

A. That year the gas man come down after we had run about three months and said our gas meter wasn't registering all of the gas we used, but he had submitted the bills and we had paid the bills and there was nothing to do but to let it go and if you will look at the next year it runs back up again.

Q. This is 1913?

A. Well that will be this year it goes back up again, this year.

Q. Well this what happened last year?

A. The gas man at Bristow will certify that that is the case.

Q. And the covering now this last year was 68 cents a bale and in 1911 it was 80 cents?

A. Yes sir, we bought a carload of bagging and ties, got the benefit of the carload rate and we sold some to the other ginners there at a profit. That reduced the price of the bagging and ties that much and as a consequence the cost of ginning that much. It was really a merchandise proposition and the profit should have maybe gone to bagging and ties.

Q. And the labor was \$1.51 a bale and on the 1347 bales 99 cents a bale?

A. The cheaper year was year before last, wasn't it?

Q. No, this is the cheapest.

A. Let me look to see which is the cheapest year (looks). Well now last year the cotton came in quicker. We got it through the gin quicker. The season wasn't drawn out as much as it was the year before, is about the only explanation I have for that. Probably the gin also got a little better degree of efficiency in putting it through.

162 Q. Insurance in 1911 was 19 cents a bale and in 1913 16 cents a bale?

A. The amount of insurance was just the same. That is only plant insurance. That is not insurance on product and the cost per bale was less because there is more.

Q. And like the rest of them you charge 28 cents a bale for drayage?

A. That drayage is charged into our account as a drayage account and there is a drayage on bagging and ties, which amounts to a drayage on customer's cotton, but the drayage on seed and on cotton to the depot, which would represent a good part of that cost figuring that way, as you are, wouldn't amount to what I would figure that it would amount to for the reason that the cost of ginning is reduced for this volume of business, and, as I said just now, this customer's cotton would count, which was hauled around in the yard. Now one expense I didn't put in there is insurance on customer's cotton. In other words, insurance on product, although we do carry insurance on our customer's cotton.

Q. You cover all your cotton by insurance?

A. Yes sir, but isn't figured in that statement.

Q. And you carry a blanket insurance on how many bales?

A. According to how much stuff we have on hand of that—

Q. Yet you charge up insurance as a whole?

A. No, that is on plant proper.

Q. You pay the farmer for his seed at the gin do you?

A. Yes sir, where he sells it to us.

Q. And then you charge him up with drayage to the mill?

A. No, I beg your pardon. We are just charging so much a bale for ginning and pay him so much for his seed.

Q. And this drayage comes in 28 cents a bale, to the farmer.

A. He don't pay that.

163 Q. That is what is charged here.

A. We figure it so much a bale. We don't figure what is actually charged. If we did we would be charging \$5.00 a bale at some places where we charge \$4.00.

Q. This 28 cents a bale, I don't see where that comes in. Incidentally 11 cents a bale?

A. There is no water charge on that statement you have is there, water and lights, not charged anything.

Q. No.

A. Well that includes that too. Coal oil for lanterns and things like that you see, 10 cents a bale don't amount to but about \$15.00 on that whole year's business.

Q. This account we are going through is at Bristow?

A. Yes sir.

Q. How many gins at Bristow?

A. Just before I answer that, your honor, I also call your attention to the fact that one of the complainants in this case operated that Bristow gin for the year of—let me see, the middle year, the year of 1911-12, at a cost of \$3.93 as shown. Mr. Corley was manager of that gin that year.

Q. What position did he hold that year?

A. He was manager. He had complete charge.

Q. And he managed it under the supervision of the Chandler Oil Company?

A. Yes sir.

(The reporter reads the previous question.)

A. There are five regular sized gins and there is one gin run by a gasoline engine with two stands, so you could figure five and a half on that.

Q. Six gins running these. How much cotton was ginned there last season?

A. They handle between eight and nine thousand bales a year.

Q. Two gins could gin all the cotton that is brought there?

A. Not in the way it is brought. They could on some Mondays but they couldn't on some Saturdays.

164 Q. You have gin houses to put it in?

A. Yes sir, but you couldn't put it in there for the men that we had to gin it for.

Q. You don't have cut up into partitions?

A. Well about five or six, but suppose there was 20 men that wanted to gin.

Q. Have a larger building then?

A. That would make more depreciation.

Q. Better for them to do that than to have so many gins.

Mr. Ames:

Q. Do you know of any way that you could get rid of any gins up there?

A. No sir, I do not. I will say as regards the gin situation up there that one of the gins is operated by a Farmers organization. They went in this year. They bought an old outfit and put in some new machinery.

Q. This year?

A. Yes sir. That didn't increase the gins there though.

Commissioner Watson:

Q. I notice in all your reports here you have drayage charged up in all of them from 27 to 32 cents a bale?

A. Yes sir, on each one it will figure out just as we went into on that first one. I also call your attention, if you will permit too, that we didn't charge interest on investment up there you know.

Q. You thought you had enough without that, did you?

A. No sir, we just never have charged it up and taken it in.

Mr. Ames:

Q. As a matter of fact, you gave just the information we asked for, didn't you?

A. Just what was asked for.

Q. So if anybody thought we had enough without it, it was me and not you?

A. Yes sir.

(Witness excused.)

165 Mr. CLAYTON, having been first duly sworn in behalf of the defendant, testified as follows:

Mr. Ames:

Q. Do you operate a gin in Chandler, Mr. Clayton?

A. I do.

Q. How long have you operated that gin?

A. Five years.

Q. That is known as the round bale gin, is it?

A. Yes sir.

Q. Do you own it?

A. No sir, I lease it.

Q. Have you the statement of the cost of operating that gin for the season of 1912-13?

A. Yes sir.

Q. I will ask that this be marked Exhibit No. 12.

Commissioner Watson: All right. (Marked.)

Mr. Ames: And we offer that exhibit in evidence.

Commissioner Watson: Yes sir.

Whereupon said exhibit having been marked for identification as Def. Ex. 12, same is introduced in evidence, made a part of the record in this case and is in words and figures as follows, towit:

166

(DEF. EX. 12.)

Gin located at Chandler.

Owned by Operated by Oklahoma Gin Co.

Original cost of plant \$10,000.00 (Approximately) Exact cost not known.

Depreciation is figured at 8 per cent. and the cost of repairs is omitted entirely. All items figured in cents per bale.

	Season.		
	1910-'11.	1911-'12.	1912-'13.
Depreciation at 8 per cent.....
Lubricants03
Stationery and Office Supplies.....
Fuel496
Covering625
Salaries696
Labor	1.147
Taxes (rentals)	1.10
Insurance on Plant
Drayage29
Water and Light.....05
Incidentals11
Operating Repairs347
Total cost per bale.....	\$4.891
Total number bales ginned.....	3716 Rd. Equal		1858 Sq.
Number ginned for custom.....	1360 Rd. Equal		680 Sq.

STATE OF OKLAHOMA,
County of —, ss:

I solemnly swear that the foregoing statement is true.

Subscribed and sworn to before me this — day of —, 1913.

[SEAL.]

My Commission expires —.

_____,
Notary Public.

NOTE.—By "Operating Repairs" is meant the ordinary repairs made during the operating season, caused by breakages incident to operation, such as replacement of fans, fan casings, spiders, etc. Distributors belts, repairs and replacements of pumps, boiler tubes, belts, pulleys, etc.

167 Mr. Ames:

Q. Now on this exhibit No. 12 you didn't charge any depreciation?

A. No sir.

Q. That is because you are not the owner of the plant, is it?

A. Yes sir.

Q. You do charge an item of rentals \$1.10 a bale?

A. Yes sir.

Q. That represents the amount of rent you pay the owner, does it?

A. The actual amount we pay the owner of the plant.

Q. You don't charge any taxes?

A. No sir.

Q. Which are paid by the owner?

A. Yes sir.

Q. The item of rentals which you do charge is less than the depreciation and taxes if they were charged?

A. The depreciation, taxes, insurance and interest on investment, it figures less than those items would figure.

Q. The item of operating repairs which you carry here consists of what?

A. That consists of renewals or replacements of broken parts during the season at Chandler for that year. That amounted to a considerable sum, one reason being that we wrecked the engine and it was necessary to repair that at a great expense. The repairs had to come by express from Ohio.

Q. Now if you were the owner of this plant and were charging the depreciation and taxes and such items would the cost of ginning be more or less than it is here figured?

A. It would be slightly more than it is figured there.

Commissioner Watson:

Q. You say you don't pay the taxes?

A. No sir.

168 Q. You give an item of taxes in here?
A. It is not in there.

Q. It certainly is.

A. I substituted rentals with my pen.

Q. Oh, I see, that covers taxes and interest and depreciation?

A. Yes sir, and insurance.

Q. You did, like the rest of them, you charged 29 cents drayage?

A. Yes sir, I think it is a proper item. It is a part of my average cost of conducting the business there.

Q. You bought the cotton in the seed mostly?

A. I show there. There is about 30 per cent of it custom ginned.

Q. And this 29 cents a bale covers the total bales ginned?

A. Yes sir, the total bales ginned.

Q. This 29 cents—it takes two of these round bales to make one square bale?

A. I have figured that on half the number of round bales. I have reduced it to normal bales.

Q. Operating repairs 34.7 cents?

A. Yes sir.

Q. That was caused by a break-down?

A. That was caused by breakages and the replacement of bolts and the distributing of bolts and the replacement of various parts that had worn out by sand and friction during the season. None of them added any to the length of life of the plant.

(Witness excused.)

169 Mr. Ames: I now ask that these statements of operating expenses be marked exhibits 13 to 43, inclusive.

Commissioner Watson: What are those?

Mr. Ames: Well, they are a number of gins owned by the Oklahoma Cotton Oil Co. at Carney, Harrah, Seminole, Yale, and a lot of gins around, Ripley, Okemah—those are all figured on the same basis as those that have been offered.

Commissioner Watson: Those is this?

Mr. Ames: The top list there, I believe, is the Oklahoma Cotton Oil Co.

Commissioner Watson: Who represents that?

Mr. Ames: It has a mill here in town on the east side and then some others. There is the most of them. I would like to make this statement in the record; that as far as possible we have tried to get a statement of the ginning cost of all the gins in old Oklahoma here, those counties surrounding Lincoln.

Commissioner Watson: The cost probably would be the same thing all over the state for the same quantity of cotton.

Mr. Ames: Well I don't know, the conditions in Lincoln, Logan and Payne and Noble and Oklahoma are pretty similar and Pottawatomie. There are a thousand gins in the state and it was too big a job to get all in the state. We started out to do that.

Commissioner Watson: I would like to have these parties here where they could be cross-examined on these reports. They all got drayage in them, I see.

Mr. Ames: Yes sir. The examination made of these other witnesses would apply on the same theory there because all of these statements are made up on the same theory.

Commissioner Watson: I don't know about permitting these exhibits unless the parties are here to cross-examine them.

Mr. Ames: Well I would like to introduce them for what they are worth.

Commissioner Watson: Well it might go for that.
 170 Mr. Ames: You can give as much weight to it as it would have without the cross-examination. The cross-examination would apply to these as the others have testified to.

Whereupon the said exhibits were introduced in evidence, marked for identification as Def. Exhibits 13 to 43, both inclusive, made a part of the record in this case and are in words and figures as follows, to-wit:

171

(DEF. EX. 13.)

Gin located at Carney, Oklahoma.

Owned by Oklahoma Cotton Oil Co.

Original cost of plant \$6,000.00.

Depreciation is figured at 8 per cent and the cost of repairs is omitted entirely. All items figured in cents per bale.

	Season.		
	1910-'11.	1911-'12.	1912-'13.
Depreciation at 8 per cent .....	.....	.....	.....
Lubricants .....	.03	.08	.08
Stationery and Office Supplies .....	.08	.13	.13
Fuel .....	.59	1.20	1.20
Covering .....	.75	.70	.70
Salaries .....	.80	1.22	1.22
Labor	1.26	1.32½	1.32½
Taxes .....	.12	.10	.10
Insurance on Plant .....	.24	.18	.18
Drayage .....	.25	.22½	.22½
Water and Light .....	.....	.....	.....
Incidentals .....	.40	.36	.36
Operating Repairs .....	.07	1.60½	1.60½
Total cost per bale	4.59	7.10-7/10	7.10-7/10
Total number bales ginned	755	206	206
Number ginned for custom	320	210	210

STATE OF OKLAHOMA,
County of —, ss:

I solemnly swear that the foregoing statement is true.

JAS. W. DUPREE, M'g'r.

Subscribed and sworn to before me this 29 day of November, 1913.

[SEAL.]

S. H. CLOSE,
Notary Public.

My commission expires —.

NOTE.—By "Operating Repairs" is meant the ordinary repairs made during the operating season, caused by breakages incident to operation, such as replacement of fans, fan casings, spiders, etc. Distributors belts, repairs and replacement of pumps, boiler tubes, belts, pulleys, etc.

172

(DEF. EX. 14.)

Gin located at Harrah, Oklahoma.
 Owned by Oklahoma Cotton Oil Co.
 Original cost of plant \$6,000.00.

Depreciation is figured at 8 per cent and the cost of repairs is omitted entirely. All items figured in cents per bale.

	Season.		
	1910-'11.	1911-'12.	1912-'13.
Depreciation at 8 per cent			
Lubricants	.03	.002	
Stationery and Office Supplies	.04-2/10	.01	
Fuel	.49	.48	
Covering	.66-4/10	.85½	
Salaries	.87	.86-3/10	
Labor	1.07	.83-2/10	
Taxes	.02	.02-2/10	
Insurance on Plant	.19	.07	
Drayage	.26-4/10	.26	
Water and Light			
Incidentals	.40	.34	
Operating Repairs	.26-4/10	.37½	
Total cost per bale	4.30-4/10	4.11-4/10	
Total number bales ginned	1218	1226	
Number ginned for custom	347	164	

STATE OF OKLAHOMA,
County of _____, ss:

I solemnly swear that the foregoing statement is true.

JAS. W. DUPREE, *M'g'r.*

Subscribed and sworn to before me this 29 day of November, 1913.
 [SEAL.]

S. H. CLOSE,
Notary Public.

My commission expires_____.

NOTE.—By "Operating Repairs" is meant the ordinary repairs made during the operating season, caused by breakages incident to operation, such as replacement of fans, fan casings, spiders, etc. Distributors belts, repairs and replacement of pumps, boiler tubes, belts, pulleys, etc.

173

(DEF. EX. 15.)

Gin located at Seminole, Oklahoma.

Owned by Oklahoma Cotton Oil Co.

Original cost of plant \$8,400.00.

Depreciation is figured at 8 per cent and the cost of repairs is omitted entirely. All items figured in cents per bale.

	Season.		
	1910-'11.	1911-'12.	1912-'13.
Depreciation at 8 per cent			
Lubricants .....	.51-4/10		.04½
Stationery and Office Supplies .....	.10½		.00-72/100
Fuel .....	.43-4/10		.57¼
Covering .....	.72-2/10		.96
Salaries .....	.62-3/10		.63½
Labor	1.21½		.68-5/10
Taxes .....	.02		.01½
Insurance on Plant.....	.16½		.06½
Drayage .....	.29		.25½
Water and Light			
Incidentals .....	.25		.31
Operating Repairs.....	.20½		.47
Total cost per bale	4.57-3/10		4.02
Total number bales ginned	1390		1270
Number ginned for custom	648		689

STATE OF OKLAHOMA,
County of —, ss:

I solemnly swear that the foregoing statement is true.

JAS. W. DUPREE, M'g'r.

Subscribed and sworn to before me this 29 day of November, 1913.

[SEAL.]

S. H. CLOSE,
Notary Public.

My commission expires —.

NOTE.—By "Operating Repairs" is meant the ordinary repairs made during the operating season, caused by breakages incident to operation, such as replacement of fans, fan casings, spiders, etc. Distributors, belts repairs and replacement of pumps, boiler tubes, belts, pulleys, etc.

174

(DEF. EX. 16.)

Gin located at Yale, Oklahoma.

Owned by Oklahoma Cotton Oil Co.

Original cost of plant \$8,800.00.

Depreciation is figured at 8 per cent and the cost of repairs is omitted entirely. All items figured in cents per bale.

	Season.		
	1910-'11.	1911-'12.	1912-'13.
Depreciation at 8 per cent.....	.....	.....	.....
Lubricants .....	.02	.06	
Stationery and Office Supplies.....	.11½	.14	
Fuel .....	.76	.44½	
Covering .....	.70	1.09	
Salaries .....	.70-4/10	.73	
Labor	1.08	1.17	
Taxes .....	.01		
Insurance on Plant.....	.17	.17	
Drayage .....	.34	.25	
Water and Light.....			
Incidentals .....	.32	.39	
Operating Repairs.....	.15	.41	
Total cost per bale.....	4.36-9/10	4.85½	
Total number bales ginned.....	941	844	
Number ginned for custom.....	70	81	

STATE OF OKLAHOMA,
County of —, ss:

I solemnly swear that the foregoing statement is true.

JAS. W. DUPREE, M'g'r.

Subscribed and sworn to before me this 29 day of November, 1913.

[SEAL.]

S. H. CLOSE,
Notary Public.

My commission expires —.

NOTE.—By "Operating Repairs" is meant the ordinary repairs made during the operating season, caused by breakages incident to operation, such as replacement of fans, fan casings, spiders, etc. Distributors, belts, repairs and replacement of traps, boiler tubes, belts, pulleys, etc.

175

(DEF. EX. 17.)

Gin located at Ripley, Oklahoma.

Owned by Oklahoma Cotton Oil Co.

Original cost of plant \$8200.00.

Depreciation is figured at 8 per cent and the cost of repairs is omitted entirely. All items figured in cents per bale.

	1910-'11.	1911-'12.	1912-'13.
	Season.		
Depreciation at 8 per cent.....		.02-2/10	
Lubricants .....		.02-2/10	
Stationery and Office Supplies.....		.17-1/10	Leases
Fuel .....		.68-9/10	out
Covering .....		.70	last
Salaries .....		.70-1/10	season.
Labor		1.27-6/10	....
Taxes
Insurance on Plant .....		.25-6/10	....
Drayage .....		.23	....
Water and Light
Incidentals .....		.43	....
Operating Repairs .....		.33	....
Total cost per bale.....		4.80½	....
Total number bales ginned		887	....
Number ginned for custom.....		40	....

STATE OF OKLAHOMA,

County of —, ss:

I solemnly swear that the foregoing statement is true.

[SEAL.]

Subscribed and sworn to before me this — day of —, 1913.

My Commission expires —.

Notary Public.

NOTE.—By "Operating Repairs" is meant the ordinary repairs made during the operating season, caused by breakages incident to operation, such as replacement of fans, fan casings, spiders, etc. Distributors belts repairs and replacement of pumps, boiler tubes, belts, pulleys, etc.

176

(DEF. EX. 18.)

Gin located at Okemah, Oklahoma.
 Owned by Oklahoma Cotton Oil Co.
 Original cost of plant \$9,000.00.
 Depreciation is figured at 8 per cent and the cost of repairs is omitted entirely. All items figured in cents per bale.

	Season.		
	1910-'11.	1911-'12.	1912-'13.
Depreciation at 8 per cent.....	.....	.....	.....
Lubricants .....	.03	.05	.....
Stationery and Office Supplies.....	.25½	.13	.....
Fuel .....	.67-4/10	.57-3/10	.....
Covering .....	.83½	1.01	.....
Salaries .....	.72-4/10	.86-8/10	.....
Labor	1.85½	.77	.....
Taxes .....	.14-6/10	.13	.....
Insurance on Plant.....	.17-3/10	.17	.....
Drayage .....	.13-8/10	.26-7/10	.....
Water and Light.....	.....	.....	.....
Incidentals .....	.12-5/10	.13½	.....
Operating Repairs.....	1.00	1.10	.....
Total cost per bale.....	6.15-6/10	5.20-3/10	.....
Total number bales ginned.....	828	1341	.....
Number ginned for custom.....	76	621	.....

STATE OF OKLAHOMA,
County of —, ss:

I solemnly swear that the foregoing statement is true.

JAS. W. DUPREE, Mgr.

Subscribed and sworn to before me this 29 day of November, 1913.
 [SEAL.]

S. H. CLOSE,

Notary Public.

My Commission expires —.

NOTE.—By "Operating Repairs" is meant the ordinary repairs made during the operating season, caused by breakages incident to operation, such as replacement of fans, fan casings, spiders, etc. Distributors belts, repairs and replacement of pumps, boiler tubes, belts, pulleys, etc.

177

(DEF. EX. 19.)

Gin located at Harrah, Oklahoma.

Owned by Cawthon Cotton Co.

Original cost of plant \$5000.00.

Depreciation is figured at 8 per cent and the cost of repairs is omitted entirely. All items figured in cents per bale.

	Season.		
	1910-'11.	1911-'12.	1912-'13.
Depreciation at 8 per cent.....	.70	.83	Operated
Lubricants .....	.05	.04	under
Stationery and Office Supplies.....	.05	.08	lease
Fuel .....	.77	.53	by
Covering .....	.65	.72	other
Salaries	1.28	.88	parties.
Labor	1.72	1.42	
Taxes .....	.10	.12	
Insurance on Plant.....	.22	.37	
Drayage .....	.08	.07	
Water and Light .....			....
Incidentals .....	.12½	.25	
Operating Repairs .....	.12	.15	
Total cost per bale	5.86	5.46	
Total number bales ginned	588	481	
Number ginned for custom.....		....

STATE OF OKLAHOMA,

County of —, ss:

I solemnly swear that the foregoing statement is true.

A. E. KING.

Subscribed and sworn to before me this 2nd day of December, 1913.

[SEAL.]

JOHN S. COIL,
Notary Public.

My Commission expires July 8, 1917.

NOTE.—By "Operating Repairs" is meant the ordinary repairs made during the operating season, caused by breakages incident to operation, such as replacement of fans, fan casings, spiders, etc. Distributors belts, repairs and replacement of pumps, boiler tubes, belts, pulleys, etc.

178

(DEF. EX. 20.)

Gin located at Luther, Okla.

Owned by Cawthon Cotton Co.

Original cost of plant \$5000.00.

Depreciation is figured at 8 per cent and the cost of repairs is omitted entirely. All items figured in cents per bale.

	Season.		
	1910-'11.	1911-'12.	1912-'13.
Depreciation at 8 per cent.....	.70	.75	Closed
Lubricants .....	.03	.03	during
Stationery and Office Supplies.....	.06	.04	season.
Fuel	1.00	.45	
Covering .....	.65	.72	
Salaries .....	.57	.80	
Labor	1.19	1.35	
Taxes .....	.09	.12	
Insurance on Plant.....	.18	.28	
Drayage .....	.09	.07	
Water and Light .....	..	..
Incidentials .....	.12	.12	
Operating Repairs .....	.14	.20	
Total cost per bale.....	4.82	4.93	

Total number bales ginned.....

Number ginned for custom.....

STATE OF OKLAHOMA,

County of Oklahoma, ss:

I solemnly swear that the foregoing statement is true.

A. E. KING.

Subscribed and sworn to before me this 2nd day of December 1913.

[SEAL.]

JOHN S. COIL,

Notary Public.

My Commission expires July 8, 1917.

NOTE.—By "Operating Repairs" is meant the ordinary repairs made during the operating season, caused by breakages incident to operation, such as replacement of fans, fan casings, spiders, etc. Distributors belts, repairs and replacement of pumps, boiler tubes, belts, pulleys, etc.

179

(DEF. Ex. 21.)

Gin located at Wellston, Okla.

Owned by Cawthon Cotton Co.

Original cost of plant \$8,500.00.

Depreciation is figured at 8 per cent and the cost of repairs is omitted entirely. All items figured in cents per bale.

	Season.		
	1910-'11.	1911-'12.	1912-'13.
Depreciation at 8 per cent.....	.49	.93	Operated
Lubricants .....	.03	.03	by other
Stationery and Office Supplies.....	.08	....	parties
Fuel .....	.83	.37	under
Covering .....	.76	.72	lease.
Salaries .....	.72	.84	
Labor	1.14	1.46	
Taxes .....	.03	.11	
Insurance on Plant.....	.08	.29	
Drayage .....	.07	.09	
Water and Light .....	....	....
Incidentals .....	.19	.25	
Operating Repairs .....	.40	.26	
Total cost per bale.....	4.82	5.35	
Total number bales ginned.....	1362	726	
Number ginned for custom.....	....	....

STATE OF OKLAHOMA,
County of Oklahoma, ss:

I solemnly swear that the foregoing statement is true.

A. E. KING.

Subscribed and sworn to before me this 2nd day of December, 1913.

[SEAL.]

JOHN S. COIL,
Notary Public.

My Commission expires July 8, 1917.

NOTE.—By "Operating Repairs" is meant the ordinary repairs made during the operating season, caused by breakages incident to operation, such as replacement of fans, fan casings, spiders, etc. Distributors belts, repairs and replacement of pumps, boiler tubes, belts, pulleys, etc.

180

(DEF. EX. 22.)

Gin located at Jcnes, Okla.

Owned by Cawthon Cotton Co.

Original cost of plant \$6,000.00.

Depreciation is figured at 8 per cent and the cost of repairs is omitted entirely. All items figured in cents per bale.

	Season.		
	1910-'11.	1911-'12.	1912-'13.
Depreciation at 8 per cent.....	1.08	.82	Closed
Lubricants .....	.04	.03	during
Stationery and Office Supplies.....	.06	.05	season.
Fuel .....	.82	.46	
Covering .....	.64	.72	
Salaries .....	.65	.74	
Labor	1.22	.87	
Taxes .....	.12	.13	
Insurance on Plant.....	.26	.27	
Drayage .....	.08	.08	
Water and Light.....	..	..
Incidentals .....	.11	.07	
Operating Repairs .....	.20	.15	
Total cost per bale.....	5.28	4.39	
Total number bales ginned.....	442	580	
Number ginned for custom.....	....	....

STATE OF OKLAHOMA,
County of Oklahoma, ss:

I solemnly swear that the foregoing statement is true.

A. E. KING

Subscribed and sworn to before me this 2nd day of December, 1913.

[SEAL.]

JOHN S. COIL,
Notary Public.

My Commission expires July 8, 1917.

NOTE.—By "Operating Repairs" is meant the ordinary repairs made during the operating season, caused by breakages incident to operation, such as replacement of fans, fan casings, spiders, etc. Distributors belts, repairs and replacement of pumps, boiler tubes, belts, pulleys, etc.

181

(DEF. EX. 23.)

Gin located at Crescent, Okla.

Owned by Cawthon Cotton Co.

Original cost of plant \$6,500.00.

Depreciation is figured at 8 per cent and the cost of repairs is omitted entirely. All items figured in cents per bale.

	Season.		
	1910-'11.	1911-'12.	1912-'13.
Depreciation at 8 per cent.....	.40	.73	.75
Lubricants .....	.02	.04	.03
Stationery and Office Supplies.....	.04	.05	.06
Fuel	1.00	.69	.84
Covering .....	.70	.81	.85
Salaries .....	.66	.62	.65
Labor	1.34	.95	1.02
Taxes .....	.06	.16	.24
Insurance on Plant.....	.14	.27	.26
Drayage .....	.09	.09	.08
Water and Light.....	.....	.....	.....
Incidentals .....	.11	.14	.17
Operating Repairs .....	.13	.16	.13
Total cost per bale.....	4.69	4.71	5.08
Total number bales ginned.....	1259	711	690
Number ginned for custom.....	.....	.....	.....

STATE OF OKLAHOMA,
County of Oklahoma, ss:

I solemnly swear that the foregoing statement is true.

A. E. KING.

Subscribed and sworn to before me this 2nd day of December, 1913.

[SEAL.]

JOHN S. COIL,
Notary Public.

My Commission expires July 8, 1917.

NOTE.—By "Operating Repairs" is meant the ordinary repairs made during the operating season, caused by breakages incident to operation, such as replacement of fans, fan casings, spiders, etc. Distributors belts, repairs and replacement of pump, boiler tubes, belts, pulleys, etc.

182

(DEF. EX. 24.)

Gin located at Agra, Okla.

Owned by Cawthon Cotton Co.

Original cost of plant \$6,000.00.

Depreciation is figured at 8 per cent and the cost of repairs is omitted entirely. All items figured in cents per bale.

	Season.		
	1910-'11.	1911-'12.	1912-'13.
Depreciation at 8 per cent.....	1.94	.97	Not operated.
Lubricants .....	.09	.02	
Stationery and Office Supplies.....	.03	.05	
Fuel	2.70	1.07	
Covering .....	.60	.74	
Salaries	1.28	1.02	
Labor	1.83	1.93	
Taxes .....	.26	.20	
Insurance on Plant.....	.53	.34	
Drayage .....	.09	.09	
Water and Light.....	....	....
Incidentals .....	.18	.24	
Operating Repairs .....	.12	.15	
Total cost per bale.....	9.65	6.82	
Total number bales ginned.....	247	493	
Number ginned for custom.....	....	....

STATE OF OKLAHOMA,
County of Oklahoma, ss:

I solemnly swear that the foregoing statement is true.

A. E. KING.

Subscribed and sworn to before me this 2nd day of December, 1913.

[SEAL.]

JOHN S. COIL,
Notary Public.

My Commission expires July 8, 1917.

NOTE.—By "Operating Repairs" is meant the ordinary repairs made during the operating season, caused by breakages incident to operation, such as replacement of fans, fan casings, spiders, etc. Distributor's belts, repairs and replacement of pumps, boiler tubes, belts, pulleys, etc.

183

(DEF. EX. 25.)

Gin located at Oklahoma City, Okla.

Owned by Harriss-Irby Cotton Co.

Original cost of plant \$9,737.85.

Depreciation is figured at 8 per cent and the cost of repairs is omitted entirely. All items figured in cents per bale.

	Season.		
	1910-'11.	1911-'12.	1912-'13.
Depreciation at 8 per cent.....	1.4981	1.4671	.8376
Lubricants .....	.0420	.0365	.0183
Stationery and Office Supplies.....	.0385	.0608	.0264
Fuel .....	.7724	.5315	.4799
Covering .....	.6997	.5408	.8974
Salaries	1.5865	1.8184	1.3978
Labor	1.2382	1.5992	1.1475
Taxes .....	.2833	.3224	.1814
Insurance on Plant .....	.3077	.3013	.1720
Drayage .....	.1480	.0026	.0015
Water and Light.....	.....	.....	.....
Incidentals .....	.2095	.2279	.1247
Operating Repairs .....	.3253	.5461	.2206
Total cost per bale	7.1492	7.4546	5.5051
Total number bales ginned.....	520	531	920
Number ginned for custom.....	116	232	423

STATE OF OKLAHOMA,
County of Oklahoma, ss:

I solemnly swear that the foregoing statement is true.

R. T. HARRISS.

Subscribed and sworn to before me this 2 day of December, 1913.

[SEAL.]

HORACE HAYDEN, JR.,

Notary Public.

My Commission expires Nov. 23, 1914.

NOTE.—By "Operating Repairs" is meant the ordinary repairs made during the operating season, caused by breakages, incident to operation, such as replacement of fans, fan casings, spiders, etc. Distributors belts, repairs and replacement of pumps, boiler tubes, belts, pulleys, etc.

184

(DEF. EX. 26.)

Gin located at Elk City, Oklahoma.

Owned by Harriss-Irby Cotton Co.

Original cost of plant \$15,964.55—Land \$5,500.00—\$21,464.55.

Depreciation is figured at 8 per cent and the cost of repairs is omitted entirely. All items figured in cents per bale.

	Season.		
	1910-'11.	1911-'12.	1912-'13.
Depreciation at 8 per cent on plant only	4347	.9083	1.0582
Lubricants	.0482	.1021	.0571
Stationery and Office Supplies	.0287	.0783	.0325
Fuel	.4873	.6274	.7011
Covering	.6972	.6567	.5658
Salaries	.5462	1.0661	.8120
Labor	.9367	1.5911	1.1572
Taxes	.0874	.2560	.1699
Insurance on Plant	.0749	.1564	.1822
Drayage	.0951	.0240	.0424
Water and Light	.0576	.0257	.0422
Incidentals	.2312	...	.1233
Operating Repairs	.2556	.1892	.0962
Total cost per bale	3.9808	5.6813	5.0391
Total number bales ginned	2938	1406	1207
Number ginned for custom	1266	737	510

STATE OF OKLAHOMA,
County of Oklahoma, ss:

I solemnly swear that the foregoing statement is true.

R. T. HARRISS.

Subscribed and sworn to before me this 2 day of December, 1913.

[SEAL.]

HORACE HAYDEN, Jr.,

Notary Public.

My Commission expires Nov. 23, 1914.

NOTE.—By "Operating Repairs" is meant the ordinary repairs made during the operating season, caused by breakages, incident to operation, such as replacement of fans, fan casings, spiders, etc. Distributors belts, repairs and replacement of pumps, boiler tubes, belts, pulleys, etc.

185

(DEF. EX. 27.)

Gin located at Hammon, Oklahoma.

Owned by Harriss-Irby Cotton Co.

Original cost of plant \$12,571.30—Land \$800.00—\$13,371.30.

Depreciation is figured at 8 per cent and the cost of repairs is omitted entirely. All items figured in cents per bale.

	Season.		
	1910-'11.	1911-'12.	1912-'13.
Depreciation at 8 per cent on plant only	not built.	.3751	1,0849
Lubricants .....	.0331	.0606	
Stationery and Office Supplies .....	.0338	.0432	
Fuel .....	.3332	.8040	
Covering .....	.6498	.5820	
Salaries .....	.4324	.8846	
Labor .....	.9524	1,0677	
Taxes .....	.0018	.1310	
Insurance on Plant .....	.0821	.2373	
Drayage .....	.0228	.0117	
Water and Light .....	.0049	.0396	
Incidentals .....	.1122	.1307	
Operating Repairs .....	.2165	.4644	
Total cost per bale	3.2501	5.5417	
Total number bales ginned.....	2681	927	
Number ginned for custom	1460	255	

STATE OF OKLAHOMA,
County of Oklahoma, ss:

I solemnly swear that the foregoing statement is true.

R. T. HARRISS.

Subscribed and sworn to before me this 2 day of December, 1913.

[SEAL.]

HORACE HAYDEN, JR.,

Notary Public.

My Commission expires Nov. 23, 1914.

NOTE.—By "Operating Repairs" is meant the ordinary repairs made during the operating season, caused by breakages, incident to operation, such as replacement of fans, fan casings, spiders, etc. Distributors belts, repairs and replacement of pumps, boiler tubes, belts, pulleys, etc.

186

(DEF. EX. 28.)

Gin located at Mangum, Oklahoma.

Owned by Harriss-Irby Cotton Co.

Original cost of plant \$12,106.77. Land \$600.00—\$12,706.77.

Depreciation is figured at 8 per cent and the cost of repairs is omitted entirely. All items figured in cents per bale.

	Season.		
	1910-'11.	1911-'12.	1912-'13.
Depreciation at 8 per cent on plant only .....	.6830	1.0993	.4668
Lubricants .....	.0353	.0612	.0351
Stationery and Office Supplies.....	.0378	.0809	.0350
Fuel .....	.4629	.4970	.2906
Covering .....	.7865	.6249	.6647
Salaries .....	.6245	1.2397	.4578
Labor	1.1137	1.9349	.9553
Taxes .....	.0509	.1308	.0981
Insurance on Plant.....	.1269	.2043	.0867
Drayage .....	.0509	.0724	.0149
Water and Light.....	.0458	.0573	.0312
Incidentals .....	.2951	.2749	.1242
Operating Repairs.....	.1311	.1830	.2686
Total cost per bale.....	4.4444	6.4606	3.5290
Total number bales ginned.....	1418	881	2075
Number ginned for custom.....	1123	631	1808

STATE OF OKLAHOMA,
County of Oklahoma, ss:

I solemnly swear that the foregoing statement is true.

R. T. HARRIS.

Subscribed and sworn to before me this 2 day of December, 1913.

[SEAL.]

HORACE HAYDEN, Jr.,
Notary Public.

My Commission expires Nov. 23, 1914.

NOTE.—By "Operating Repairs" is meant the ordinary repairs made during the operating season, caused by breakages incident to operation, such as replacement of fans, fan casings, spiders, etc. Distributors belts, repairs and replacement of pumps, boiler tubes, belts, pulleys, etc.

187

(DEF. EX. 29.)

Gin located at Carter, Oklahoma.
 Owned by Harriss Irby Cotton Co.
 Original cost of plant \$10,272—Land \$500.00—10,772.56.
 Depreciation is figured at 8 per cent and the cost of repairs is omitted entirely. All items figured in cents per bale.
 Operated at Kempton.

	Season.		
	1910-'11.	1911-'12.	1912-'13.
Depreciation at 8 per cent on plant only	1,7522	.9589	.6501
Lubricants .....	.0565	.0351	.0157
Stationery and Office Supplies.....	.0581	.0573	.0433
Fuel	1.1648	.5414	.5884
Covering .....	.7375	.7454	.7502
Salaries	1.1781	1.1839	.6132
Labor	1.2900	1.7677	1.3913
Taxes .....	.0845	.1360	.0663
Insurance on Plant.....	.2985	.1633	.1107
Drayage .....	.1247	.0147	....
Water and Light.....	.6353	....	....
Incidentals .....	.4757	.1757	.1068
Operating Repairs.....	.4974	.2735	.3464
Total cost per bale.....	8.3533	6.0529	4.6824
Total number bales ginned.....	469	857	1264
Number ginned for custom.....	167	475	933

STATE OF OKLAHOMA,
County of Oklahoma, ss:

I solemnly swear that the foregoing statement is true.

R. T. HARRIS.

Subscribed and sworn to before me this 2 day of December, 1913.

[SEAL.]

HORACE HAYDEN, JR.,

Notary Public.

My Commission expires Nov. 23, 1914.

NOTE.—By "Operating Repairs" is meant the ordinary repairs made during the operating season, caused by breakages incident to operation, such as replacement of fans, fan casings, spiders, etc. Distributors belts, repairs and replacement of pumps, boiler tubes, belts, pulleys, etc.

Gin located at Willow, Oklahoma.

Owned by Harriss-Irby Cotton Co.

Original cost of plant \$10,310.75—Land \$600.00—\$10,910.75,
omitted entirely. All items figured in cents per bale.

Operated at Weatherford.

	Season.		
	1910-'11.	1911-'12.	1912-'13.
Depreciation at 8 per cent on plant only	1,1456	1,3771	2,5224
Lubricants .....	.0405	.0312	.0613
Stationery and Office Supplies.....	.0979	.1871	.2141
Fuel .....	.6844	.4656	.9427
Covering .....	.6945	.0815	.3306
Salaries	1,2084	1,4063	2,3119
Labor	1,5688	1,9085	1,2298
Taxes .....	.1419	.1577	.1914
Insurance on Plant.....	.1944	.2337	.4282
Drayage .....	.0763	.....	.....
Water and Light.....	.....	.....	.....
Incidentals .....	.3944	.2107	.2746
Operating Repairs.....	.1494	1,1562	.3575
Total cost per bale.....	6,3965	7,8156	8,8645
Total number bales ginned.....	720	599	327
Number ginned for custom.....	49	104	5

STATE OF OKLAHOMA,
County of Oklahoma, ss:

I solemnly swear that the foregoing statement is true.

R. T. HARRISS.

Subscribed and sworn to before me this 2nd day of December,
1913.

[SEAL.]

HORACE HAYDEN, JR.,
Notary Public.

My Commission expires Nov. 23, 1914.

NOTE.—By "Operating Repairs" is meant the ordinary repairs made during the operating season, caused by breakages incident to operation, such as replacement of fans, fan casings, spiders, etc. Distributors belts, repairs and replacement of pumps, boiler tubes, belts, pulleys, etc.

189

(DEF. EX. 31.)

Gin located at H-ring, Okla.

Owned by Harris-Irby Cotton Co.

Original cost of plant \$9487.08—Land \$300.00—\$9787.08.

Depreciation is figured at 8 per cent and the cost of repairs is omitted entirely. All items figured in cents per bale.

	Season.		
	1910-'11.	1911-'12.	1912-'13.
Depreciation at 8 per cent.....	On plant only		5.8829
Lubricants2138
Stationery and Office Supplies.....1627
Fuel	1.5581
Covering7151
Salaries	4.9535
Labor	2.7315
Taxes	
Insurance on Plant.....	
Drayage	1.1627
Water and Light.....1035
Incidentals	
Operating Repairs5815
			.1343
Total cost per bale.....	18.1996
Total number bales ginned.....	129
Number ginned for custom.....	54

STATE OF OKLAHOMA,
County of Oklahoma, ss:

I solemnly swear that the foregoing statement is true.

R. T. HARRIS.

Subscribed and sworn to before me this 2 day of December, 1913.

[SEAL.]

HORACE HAYDEN, JR.,

Notary Public.

My Commission expires Nov. 23, 1914.

NOTE.—By "Operating Repairs" is meant the ordinary repairs made during the operating season, caused by breakages incident to operation, such as replacement of fans, fan casings, spiders, etc. Distributors belts, repairs and replacement of pumps, boiler tubes, belts, pulleys, etc.

190

(DEF. EX. 32.)

Gin located at Sayre, Oklahoma.
 Owned by Harriss-Irby Cotton Co.
 Original cost of plant \$15498.25—Land \$4000.00—\$19498.25.
 Depreciation is figured at 8 per cent and the cost of repairs is omitted entirely. All items figured in cents per bale.

	Season.		
	1910-'11.	1911-'12.	1912-'13.
Depreciation at 8 per cent on plant only	1.5401	1.2834	.8531
Lubricants .....	.0415	.0439	.0591
Stationery and Office Supplies.....	.0401	.0516	.0327
Fuel .....	.6737	.4938	.4634
Covering .....	.7055	.8645	.6543
Salaries .....	.9378	1.0038	.6373
Labor	1.1284	1.5908	1.0815
Taxes .....	.2594	.3471	.1273
Insurance on Plant .....	.2733	.2278	.1514
Drayage .....	.0239	.0288	.0067
Water and Light .....	.0611	.0444	.0597
Incidentals .....	.1964	.1326	.1075
Operating Repairs .....	.2557	.2749	.1751
Total cost per bale.....	6.1369	6.3874	4.4091
Total number bales ginned.....	805	966	1453
Number ginned for custom.....	618	452	786

STATE OF OKLAHOMA,
County of Oklahoma, ss:

I solemnly swear that the foregoing statement is true.

R. T. HARRISS.

Subscribed and sworn to before me this 2 day of December, 1913.

[SEAL.]

HORACE HAYDEN, JR.,

Notary Public.

My Commission expires Nov. 23, 1914.

NOTE.—By "Operating Repairs" is meant the ordinary repairs made during the operating season, caused by breakages incident to operation, such as replacement of fans, fan casings, spiders, etc. Distributors belts, repairs and replacement of pumps, boiler tubes, belts, pulleys, etc.

191

(DEF. EX. 33.)

Gin located at Geary, Oklahoma.

Owned by Harriss-Irby Cotton Co.

Original cost of plant \$9779.84—Land 500.00—\$10279.84.

Depreciation is figured at 8 per cent and the cost of repairs is omitted entirely. All items figured in cents per bale.

	Season.		
	1910-'11.	1911-'12.	1912-'13.
Depreciation at 8 per cent on plant			
Only	2.2677	.8177	2.6521
Lubricants .....	.0834	.0057	.1254
Stationery and Office Supplies.....	.1175	.0760	.1454
Fuel	1.5608	.5335	.9005
Covering .....	.9901	.6434	.7409
Salaries	3.1884	1.2004	3.1480
Labor	2.2707	1.7520	1.8371
Taxes .....	.1722	.1074	.4106
Insurance on Plant .....	.4925	.1773	.5762
Drayage .....	.0976	.0498	.0298
Water and Light .....	.1138	.0535	.0474
Incidentials .....	.8133	.2816	.2362
Operating Repairs .....	.5230	.0518	.3979
Total cost per bale.....	12.6910	5.7501	11.2475
Total number bales ginned.....	345	958	295
Number ginned for custom.....	69	106	8

STATE OF OKLAHOMA,
County of Oklahoma, ss:

I solemnly swear that the foregoing statement is true.

R. T. HARRISS.

Subscribed and sworn to before me this 2 day of December, 1913.

[SEAL.]

HORACE HAYDEN, JR.,
Notary Public.

My Commission expires Nov. 23, 1914.

NOTE.—By "Operating Repairs" is meant the ordinary repairs made during the operating season, caused by breakages incident to operation, such as replacement of fans, fan casings, spiders, etc. Distributors belts, repairs and replacement of pumps, boiler tubes, belts, pulleys, etc.

192

(DEF. EX. 34.)

Gin located at Foss, Oklahoma.

Owned by Harriss-Irby Cotton Co.

Original cost of plant \$13,980.40; Land, \$500.00—\$14,480.40.

Depreciation is figured at 8 per cent and the cost of repairs is omitted entirely. All items figured in cents per bale.

	Season.		
	1910-'11.	1911-'12.	1912-'13.
Depreciation at 8 per cent—on plant only .....	.8977	1.4793	1.3705
Lubricants .....	.0437	.0398	.0348
Stationery and Office Supplies .....	.0315	.0851	.0684
Fuel .....	.5069	.6403	.6995
Covering .....	.6781	.7804	.5129
Salaries .....	.6026	1.3576	.8665
Labor	1.0218	1.4725	1.2057
Taxes .....	.0685	.0785	.1369
Insurance on Plant .....	.1448	.2380	.2206
Drayage .....	.0388	.0115	.....
Water and Light .....	.....	.....	.0053
Incidentals .....	.1650	.1664	.1138
Operating Repairs .....	.2534	.4605	.2599
Total cost per bale	4.4528	6.8099	5.4948
Total number bales ginned .....	.....	.....	.....
Number ginned for custom .....	.....	.....	.....

STATE OF OKLAHOMA,

County of Oklahoma, ss:

I solemnly swear that the foregoing statement is true.

R. T. HARRISS.

Subscribed and sworn to before me this 2 day of December, 1913.

[SEAL.]

HORACE HAYDEN, JR.,

Notary Public.

My Commission expires Nov. 23, 1914.

NOTE.—By "Operating Repairs" is meant the ordinary repairs made during the operating season, caused by breakages incident to operation, such as replacement of fans, fan casings, spiders, etc. Distributors belts, repairs and replacement of pumps, boiler tubes, belts, pulleys, etc.

193

(DEF. EX. 35.)

Gin located at Watonga, Oklahoma.

Owned by Harriss-Irby Cotton Co.

Original cost of plant \$8,910.01; land, \$300.00—\$9,210.01.

Depreciation is figured at 8 per cent and the cost of repairs is omitted entirely. All items figured in cents per bale.

	Season.		
	1910-'11.	1911-'12.	1912-'13.
Depreciation at 8 per cent—on plant only .....	.9872	1.4656	1.5597
Lubricants .....	.0388	.0210	.0461
Stationery and Office Supplies.....	.0360	.0881	.0861
Fuel .....	.6622	.4038	.7612
Covering .....	.7078	.7215	.6021
Salaries	2.0776	1.2757	1.6542
Labor	1.1257	1.0465	.9777
Taxes .....	.1453	.2060	.1359
Insurance on plant.....	.2077	.3087	.3282
Drayage .....	.0501	.....	.....
Water and Light.....	.....	.0023	.0322
Incidentals .....	.2246	.1794	.1261
Operating Repairs .....	.1170	.7720	.2405
Total cost per bale.....	6.3800	6.4916	6.5500
Total number bales ginned.....	722	486	457
Number ginned for custom.....	5	85	33

STATE OF OKLAHOMA,
County of Oklahoma, ss:

I solemnly swear that the foregoing statement is true.

R. T. HARRIS.

Subscribed and sworn to before me this 2 day of December, 1913.

[SEAL.]

HORACE HAYDEN, Jr.,
Notary Public.

My Commission expires Nov. 23, 1914.

NOTE.—By "Operating Repairs" is meant the ordinary repairs made during the operating season, caused by breakages incident to operation, such as replacement of fans, fan casings, spiders, etc. Distributors belts, repairs and replacement of pumps, boiler tubes, belts, pulleys, etc.

194

(DEF. EX. 36.)

Gin located at Doxey, Oklahoma.

Owned by Harriss-Irby Cotton Co.

Original cost of plant \$9,514.36; land, \$100.00—\$9,614.36.

Depreciation is figured at 8 per cent and the cost of repairs is omitted entirely. All items figured in cents per bale.

	Season.		
	1910-'11.	1911-'12.	1912-'13.
Depreciation at 8 per cent—on plant only	2.0853	1.6876	1.0701
Lubricants .....	.0359	.0687	.0216
Stationery and Office Supplies.....	.1206	.0955	.0498
Fuel .....	.7607	.4726	.6899
Covering .....	.8935	.6318	.7596
Salaries	1.4356	1.8220	.9135
Labor	1.3869	1.8937	.9140
Taxes .....	.0447	.0598	.0304
Insurance on Plant.....	.3836	.3104	.1970
Drayage .....	.1350	.0022	.....
Water and Light.....	.....	.....	.....
Incidentals .....	.2051	.2057	.1289
Operating Repairs .....	.1133	.0594	.1372
Total cost per bale.....	7.6002	7.3094	4.9120
Total number bales ginned.....	365	451	711
Number ginned for custom.....	263	282	482

STATE OF OKLAHOMA,
County of Oklahoma, ss:

I solemnly swear that the foregoing statement is true.

R. T. HARRISS.

Subscribed and sworn to before me this 2 day of December, 1913.

[SEAL.]

HORACE HAYDEN, JR.,
Notary Public.

My Commission expires Nov. 23, 1914.

NOTE.—By "Operating Repairs" is meant the ordinary repairs made during the operating season, caused by breakages incident to operation, such as replacement of fans, fan casings, spiders, etc. Distributors belts, repairs and replacement of pumps, boiler tubes, belts, pulleys, etc.

195

(DEF. EX. 37.)

Gin located at Winnewood, Okla.

Owned by A. E. Eskridge.

Original cost of plant \$12,500.00.

Depreciation is figured at 8 per cent and the cost of repairs is omitted entirely. All items figured in cents per bale.

	Season.		
	1910-'11.	1911-'12.	1912-'13.
Depreciation at 8 per cent.....717
Lubricants054
Stationery and Office Supplies.....025
Fuel357
Covering87
Salaries85
Labor83
Taxes105
Insurance on Plant.....203
Drayage06
Water and Light.....031
Incidentals007
Operating Repairs073
Total cost per bale.....	4.182
Total number bales ginned.....	1393
Number ginned for custom.....	376

STATE OF OKLAHOMA,
County of Garvin, ss:

I solemnly swear that the foregoing statement is true.

A. E. ESKRIDGE, *Manager.*

Subscribed and sworn to before me this 28 day of November, 1913.

[SEAL.]

JAMES E. SUGGS,
Notary Public.

My Commission expires April 10, 1917.

NOTE.—By "Operating Repairs" is meant the ordinary repairs made during the operating season, caused by breakages incident to operation, such as replacement of fans, fan casings, spiders, etc. Distributors belts, repairs and replacement of pumps, boiler tubes, belts, pulleys, etc.

196

(DEF. EX. 38.)

Gin located at Wynnewood, Oklahoma.

Owned by Wynnewood Gin Co.

Original cost of plant \$10,500.00.

Depreciation is figured at 8 per cent and the of the cost of repairs is omitted entirely. All items figured in cents per bale.

	Season, 1913-'14.	Per bale.
Depreciation at 8%.....	\$840.00	.47c
Stationery and office supplies	43.19	.02
Fuel	887.00	.50
Covering	1,578.86	.89
Salaries	1,575.86	.86
Labor	1,328.30	.79
Taxes	157.00	.08
Insurance	210.00	.11
Drayage	88.70	.05
Water & Lights and lubricants.....	181.07	.10
Incidentals	59.15	.03
Operating repairs	79.03	.04
Total cost per bale		\$3.96
Total number of bales cinned (custom only).....		1774

STATE OF OKLAHOMA,
County of Garvin, ss:

I solemnly swear that the foregoing is true.

A. L. MITCHELL, *Mgr.*

Subscribed and sworn to before me this 29th day of November, 1913.

[SEAL.]

JAMES E. SUGGS,
Notary Public.

My Commission expires April 10th, 1917.

197

(DEF. EX. 39.)

Gin located at Wynnewood, Oklahoma.

Owned by Farmers Gin Co. At about ~~an~~

Original cost of plant, Eleven Thousand.

Depreciation is figured at 8 per cent and the cost of repairs is omitted entirely. All items figured in cents per bale.

Season of 1913 and 1914—

The records of this gin are not in a shape to show the itemized cost per bale on all items, but a thorough and careful examination shows a ginning cost of not less than \$3.70 per bale on 1765 bales ginned, principally for custom.

Believing this to be a fair estimate of the cost of our ginning, I, H. A. Sadler, Secretary of the Farmers Gin Company, of Wynnewood, Oklahoma, have this day affixed my seal and signature to this instrument.

[SEAL.]

(Signed)

H. A. SADLER,
Sec't. Farmers Gin Company.

198

(DEF. EX. 40.)

Gin located at Katie, Oklahoma.

Owned by Wynnewood Cotton Oil & Mfg. Co.

Original cost of plant. Unknown, cost present owners \$2,800.00.

Depreciation is figured at 8 per cent and the cost of repairs is omitted entirely. All items figured in cents per bale.

	Season.	
	1912-'13.	1913-'14.
Depreciation at 8% .....	.275	.54
Lubricants .....	.032	.088
Stationery and office supplies .....	.059	.081
Fuel .....	.302	1.09
Covering	1.15	1.07
Salaries .....	.601	.888
Labor .....	.86	1.177
Taxes .....	.055 unpaid	
Insurance on plant .....	.058	.098
Drayage .....	.014	.143
Water & light .....	.045	...
Operating repairs .....	.40	.502
Total cost per bale.....	\$3.85	\$5.68
Total bales ginned	756	380
Total ginned for custom	665	270

STATE OF OKLAHOMA,
County of Garvin, ss:

I solemnly swear that the foregoing statements is true.

A. S. ROBERTS,
Business Manager.

Subscribed and sworn to before me this 1st day of December, 1913.

[SEAL.]

J. A. LAWRENCE,
Notary Public.

My Commission expires 3-2-1916.

The 1913-14 account includes until the 15th of November, only.

199

(DEF. EX. 41.)

Gin located at Wanette, Oklahoma.

Owned by Wynnewood Cotton Oil & Mfg. Co.

Original cost of plant \$ unknown, cost present owners \$5,600.00.

Depreciation is figured at 8 per cent. and the cost of repairs is omitted entirely. All items figured in cents per bale.

	Season.	
	1912-'13.	1913-'14.
Depreciation at 8 per cent.....	.307	.552
Lubricants .....	.038	.04
Stationery and Office Supplies.....	.124	.089
Fuel .....	.305	.55
Covering .....	.81	.91
Salaries	1.19	1.45
Labor .....	.743	.786
Taxes .....	.053	unpaid
Insurance on Plant.....	.128	"
Drayage .....	.049	.064
Water and Light .....	.39	.024
Incidentals .....	.021	.006
Operating Repairs .....	.12	.096
Total cost per bale.....	\$3.94	\$4.57
Total number bales ginned.....	1458	811
Number ginned for custom.....	706	521

STATE OF OKLAHOMA,
County of Garvin, ss:

I solemnly swear that the foregoing statement is true.

A. S. ROBERTS,
Business Manager.

Subscribed and sworn to before me this 1st day of December, 1913.

[SEAL.]

J. A. LAWRENCE,
Notary Public.

My Commission expires 3-2-1916.

NOTE.—By "Operating Repairs" is meant the ordinary repairs made during the operating season, caused by breakages incident to operation, such as replacement of fans, fan casings, spiders, etc. Distributors belts, repairs and replacement of pumps, boiler tubes, belts, pulleys, etc.

The 1913-14 account includes until the 15th of November only.

200

(DEF. EX. 42.)

Gin located at Lindsay, Oklahoma.

Owned by Wynnewood Cotton Oil & Mfg. Co.

Original cost of plant unknown, cost present owners \$4000.00 and rebuilt in summer of 1912 at cost of \$7500.00. Value \$9000.00.

Depreciation is figured at 8 per cent and the cost of repairs is omitted entirely. All items figured in cents per bale.

	Season.	
	1912-'13.	1913-'14.
Depreciation at 8 per cent.....	.44	.566
Lubricants .....	.033	.019
Stationery and Office Supplies.....	.126	.07
Fuel .....	.342	.389
Covering .....	.84	.90
Salaries .....	.822	.84
Labor .....	.755	.629
Taxes .....	.014 unpaid	
Insurance on Plant.....	.101	..
Drayage .....	.038	.047
Water and Light .....	.063	.03
Incidentals .....	.068	.068
Operating Repairs .....	.045	.223
Total cost per bale.....	\$3.69	\$3.68
Total number bales ginned.....	1648	1272
Number ginned for custom.....	938	704

STATE OF OKLAHOMA,
County of Garvin, ss:

I solemnly swear that the foregoing statement is true.

A. S. ROBERTS, business manager.

Subscribed and sworn to before me this 1st day of December, 1913.

[SEAL.]

J. A. LAWRENCE,
Notary Public.

My Commission expires 3-2-1916.

NOTE.—By "Operating Repairs" is meant the ordinary repairs made during the operating season, caused by breakages incident to operation, such as replacement of fans, fan casings, spiders, etc. Distributors belts, repairs and replacement of pumps, boiler tubes, belts, pulleys, etc.

The 1913-14 account includes until the 15th day of November only.

201

(DEF. EX. 43.)

Gin located at Pauls Valley, Oklahoma.

Owned by Wynnewood Cotton Oil & Mfg. Co.

Original cost of plant unknown, cost present owners \$6000.00 cash.

Depreciation is figured at 8 per cent and the cost of repairs is omitted entirely. All items figured in cents per bale.

	Season.	
	1912-'13.	1913-'14.
Depreciation at 8 per cent.....	.44	.70
Lubricants .....	.06	.05
Stationery and Office Supplies.....	.233	.17
Fuel .....	.582	.37
Covering	1.085	.90
Salaries	1.417	1.30
Labor .....	.921	1.00
Taxes .....	.135	.20
Insurance on Plant .....	.094	.14
Drayage .....	.037	.04
Water and Light .....	.168	.02
Incidentals .....	.077	.08
Operating Repairs .....	.354	.14
Total cost per bale.....	\$5.60	\$5.11
Total number bales ginned.....	1077	687
Number ginned for custom.....	623	456

STATE OF OKLAHOMA,
County of Garvin, etc.

I solemnly swear that the foregoing statement is true.

A. S. ROBERTS, business manager.

Subscribed and sworn to before me this 1st day of December, 1913.

[SEAL.]

J. A. LAWRENCE,
Notary Public.

My Commission expires 3-2-1916.

NOTE.—By "Operating Repairs" is meant the ordinary repairs made during the operating season, caused by breakages incident to operation, such as replacement of fans, fan casings, spiders, etc. Distributors belts, repairs and replacement of pumps, boiler tubes, belts, pulleys, etc.

The 1913-14 account includes until the 15 of November only.

202 Mr. J. M. AYDELOTTE, having been first duly sworn in behalf of the defendant, testified as follows:

Mr. Ames:

Q. You may state your name and residence?

A. J. M. Aydelotte, Oklahoma City.

Q. Did you ever live in Pottawatomie County?

A. Lived there fourteen years.

Q. In what business were you engaged when living in Pottawatomie County?

A. Part of the time in the cotton business and oil mill business.

Q. Were you familiar with the construction of the cotton gins in that county and are you familiar with it during the time you have lived there?

A. Yes sir.

Q. Did you build the first cotton seed oil mill that was built in Pottawatomie County?

A. I did.

Q. You may state generally whether the cotton seed oil mills have built any of the cotton gins in Pottawatomie County?

A. They have never built a new gin.

Q. How many gins are in Pottawatomie County?

A. Forty.

Q. And have they all been built as ginning propositions, not as incident to the purchase of cotton seed?

A. They was built as ginning propositions, yes sir.

Q. And the conditions in Pottawatomie County, are you reasonably familiar with the conditions in this section of the state, Pottawatomie, Lincoln, Payne and Logan and Oklahoma counties?

A. No, I couldn't testify as to the conditions in Payne and Noble and Oklahoma.

Q. You are familiar with the conditions in Oklahoma?

A. No, just along the south edge of it.

Q. In that part of the state in which you are familiar I
203 will get you to state whether the gins have been built and developed as the cotton business has grown, without any stimulus by building the gins with any such interests as the cotton seed oil mills?

A. Well I can give you the history of them as I find them in 1898 when I first went there.

Q. All right just explain that situation?

A. In 1898 at Shawnee there were four gins—I don't suppose it is necessary to give the owner at that time. At Tecumseh there were three gins, at Shawnee there is four gins today, Tecumseh three gins today; McLoud in 1898 there were three gins, in 1905 Gravette Brothers built the fourth, there is four gins there today. There is four gins there. At Dale there was nothing in 1898, one gin built in 1901 by Beatty & Stubbs. Earlsboro in 1898 had two gins, in 1903 the third one was built by the farmers.

Q. How many there now?

A. Three. Econtuehke a new gin built in 1912 by J. T. Whitman; the town of Maud has three gins now, one built in 1901 by Parker Brothers, in 1902 by G. C. Graves, in 1911 he increased the capacity to eight stands, in 1912 J. E. Langer built a new gin, which makes three in the town of Maud. Georgetown has one gin that was built in 1903 by Aug. Zaeller. The town of Asher has three gins, one built in 1901 by W. E. and W. N. Dixon, who were merchants, one built in 1910 by farmers and merchants, and one built in 1912 by Paris & Roister, who were cotton men. Vogue, one built in 1907 by the farmers. St. Louis, one built in 1911 by the merchants and farmers and controlled by a man by the name of Williams. Romulus, one built in 1903 by J. E. Updike, one built in 1911 by the farmers and merchants. Tribbey, W. H. Foster built one in 1902. Williams & Baker built one in 1910. Trousdale, J. C. Morley built on in 1906. At McComb Oscar Hines built one in 1910. Birge Forbes built one in 1911, that was rebuilt and 204 one burned down. It was owned by the Adams Machine Co. Brooksville, one built in 1910 by John Bolton. The town of Brown, the farmers and merchants built one in 1911. Frank Zaeller built one at Box, 1909. Keokuk Falls, there was an old gin there in 1898, burned down and rebuilt by Jack Irick in 1911. Wanette has four gins, Paris & Bequette built one in 1904 and one in 1909, Paris & Roister built one in 1911, Birge-Forbes rebuilt an old one in 1911. That makes the forty gins.

(Witness excused.)

Commissioner Watson: Now is that your case?

Mr. Ames: Yes sir. I suppose you will transcribe this first and the Commission will render its opinion.

Commissioner Watson: Yes sir, and I am inclined to think we had better take some more evidence in this case before we close it, where the prices show quite different from the prices that were introduced here.

Mr. Ames: Any evidence you will take will be agreeable to us.

Commissioner Watson: We will just continue this case until further notice.

(Case continued indefinitely.)

205 Before the Corporation Commission of the State of Oklahoma.

Cause No. 1880.

Citation No. 449½.

In re Information of J. W. VINCENT, Chandler,
vs.

D. R. OWEN, Chandler.

Violation of Order No. 759.

Cause No. 1976.

Citation No. 483.

In re Information of J. E. OSBORNE, Chandler,
vs.

OKLAHOMA GIN COMPANY, Chandler.

Violation of Order No. 759.

Cause No. 1977.

Citation No. 484.

In re Information of M. M. WATONS, Chandler,
vs.

OKLAHOMA GIN COMPANY, Chandler.

Violation of Order No. 759.

Cause No. 1978.

Citation No. 485.

In re Information of J. W. HARRIST, Chandler,
vs.

OKLAHOMA GIN COMPANY, Chandler, Okla.

Violation of Order No. 759.

(These cases were consolidated by agreement.)

Transcript of Proceedings Before Commissioners Watson and Henshaw, at Oklahoma City, April 10, 1914.

Appearances:

For the complainants in 1976, 1977, 1978: Johnson & Cordell, by W. L. Johnson.

For Defendants: Ames, Chambers, Lowe & Richardson, by Mr. Richardson.

Reporter, A. L. Funk.

206 Commissioner Henshaw: I believe that this case was heard before or was continued before. It was for the purpose of compiling the data of the cost of operating and maintaining a gin at the town of Chandler, provided there was only a sufficient number of gins to adequately and conveniently gin the cotton that concentrated at that point, that comes to that point for ginning. As I understand the evidence there is about six thousand bales usually ginned at Chandler and there is five gins there now, possibly four were usually operated, I don't remember about that. There is four or five gins there in all, whereas two gins is enough to do the work and if people install more facilities than is necessary for the public, of course, our theory is they should not be permitted to advance the price so that all may make a profit and run one third of the time, and some statements were introduced in the record heretofore, something like these. I have looked over them. They are valueless as they are now, and the defendants may have introduced all that—gin located at Blackburn, Oklahoma, Original Cost of Plant to much, Description so much—these matters are valueless as legal evidence in a court of law—now this is a court of law now—because there is no detail given. They are compiled by someone else, and I presume were put in by agreement or some other way, but I was just calling your attention to the perverted course of testimony of this kind.

Mr. Richardson: I don't know whether I understand the Commission or not. Do you mean if that is properly verified by the person who made it by his testimony that it would be competent?

207 Commissioner Henshaw: Yes, sir, it would be competent if it is verified by the testimony, if there is sufficient details given so as to explain each item. Now if that was introduced by agreement, I don't know a thing about its introduction.

Mr. Richardson: I don't either. I presume the records show.

Commissioner Henshaw: I have been looking over them and it is all conclusion. That is the proposition. It is just a tabulation of conclusions.

Mr. Richardson: Now I will state to the Commission that Judge Ames is not here. I don't know whether he understood the matter or not. We did not so understand the matter exactly as the Commissioner has stated it. The people that we represent have never run an eight-stand gin and they have been unable to compile any data that would be at all authentic, or would meet the objection which the Commissioner has just raised to this, with respect to the

operation of an eight-stand gin at Chandler. We have, however, a witness who has compiled data and who actually runs an eight-stand gin at Chattanooga and we do desire to introduce that and to let him testify in regard to it.

Mr. Johnson: I wish to state about the matter there, that I am representing the plaintiffs in the case. I don't know whether anyone else has represented them. There has been no agreement with reference to the introduction of this kind of evidence, and
208 I wouldn't like to have it understood that there was, so far as we are concerned.

Commissioner Henshaw: The record shows how it was introduced.
(Witness is sworn.)

Commissioner Henshaw: Now I am not caring particularly about the particular cost of this gin. If he is an expert on the proposition you may use as a basis anything, but what we want to know is what it costs to operate an eight-stand gin.

209 Mr. D. C. WELCH, being called as a witness by the defendant, having been first duly sworn, testified as follows:

Mr. Richardson:

- Q. You may state your name to the Commission?
A. D. C. Welch.
Q. Where do you live?
A. Chattanooga, Okla.
Q. In what business are you engaged?
A. Cotton ginning.
Q. Where do you run your gin?
A. Chattanooga.
Q. How long have you been engaged in that business?
A. Four years.
Q. How long have you been running this particular gin at Chattanooga?
A. Four years.
Q. State to the Commission where Chattanooga is located with respect to the principal cotton section of the state of Oklahoma?
A. In the southwest corner of Comanche County and is in the heart of as good a cotton belt as we have in the state, so far as I have been able to ascertain.
Q. How many gins are there in Chattanooga?
A. Three.
Q. How many bales of cotton were ginned in Chattanooga last year?
A. A little less than 3500.
Q. How many stand plant is your gin?
A. Eight.
Q. What are—how many stand plants are the other two gins?
210 A. One of them is five and the other four, single battery.
Q. Yours is double battery?
A. Double battery.
Q. Now you say they ginned a little less than 3500?

A. Yes, sir.

Q. Of that how many did you gin?

A. 1862.

Q. That is to say that you ginned more than half of the cotton ginned there?

A. Yes, sir.

Q. Mr. Welch have you compiled an estimated cost of the ginning of 3,000 bales of cotton on an eight-stand plant in the usual running season?

A. Yes, sir.

Q. Have you a copy of that with you?

A. I have.

Mr. Richardson: If the Commission pleases, we will ask to have this statement of the estimated cost marked as an exhibit. I don't know whether any exhibits have been introduced and offered heretofore or not, so I wouldn't know what number to give it. Mark it in its numerical order.

(Marked Exhibit No. 44.)

Now I notice here, if the court please, that there is a \$10.00 error in this matter of insurance on plant \$535, that should be \$525. It is just a matter of calculation. That makes this \$10 then instead of \$20. (Referring to the total.) With that correction, if the Commission please, we offer this Exhibit, No. 44 in evidence and then I desire to examine him further.

211 Mr. Johnston: To which the plaintiff objects for the reason it is incompetent, irrelevant and immaterial and not the best evidence and tending to prove no issue before the Commission at this time.

Commissioner Henshaw: The exhibit may be introduced as a basis for the examination of the witness.

(Said exhibit, having been marked for identification as Def. Ex. 44, is introduced in evidence, made a part of the record in this case and is in words and figures as follows, to-wit:

212

(DEF. EX. 44.)

Memorandum.

Estimated Cost of Ginning 3,000 Bales of Cotton in an Eight-Stand Plant in the Usual Running Season at a Town Receiving 6,000 Bales in One Season.

Estimated cost of 8-stand gin plant.....	\$22,000.00
Interest on investment at 8%.....	\$1760.00
8% depreciation.....	1760.00
Lubricants at 5¢ per bale.....	150.00
Fuel at 40¢ per bale.....	1200.00
Covering at 90¢ per bale.....	2700.00

Salaries:

Superintendent \$100.00 per month for 6 months.....	600.00
Office man 3 months at \$75.00; 2 months at \$60.00....	345.00

Labor:

One engineer 6 months at \$75.00 per month.....	450.00
Two ginners 4 months at \$75.00 per month each.....	600.00
Four pressmen at \$2.00 per day each, 4 months.....	880.00
Two Suction men at \$2.00 per day each, 4 months.....	440.00

Taxes:

Assessment \$10,000.00 at 3%.....	300.00
Insurance on plant, value \$17,500.00 at 3%.....	525.00

Water and Light at 10¢ per bale.....	300.00
Operating repairs at 10¢ per bale.....	300.00

Total	\$12,310.00
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Average cost per bale \$4.10 $\frac{1}{2}$.

213 Mr. Richardson:

Q. Mr. Welch, I notice here that you start out with the fact or statement that the estimated cost of an eight-stand plan \$22,000. I will ask you to state what was the actual cost of your plant?

A. The actual cost of the plant which I now operate was a little less than \$36,000. However, in that cost it included a removal and a general overhauling and replacement of the machinery, which I did not consider as a part of the original cost.

Commissioner Henshaw: Well all we want here is what it is—a new gin plant bought from the factory, eight-stand or 12 stand or whatever you are talking about costs.

A. Yes, sir.

Mr. Richardson:

Q. Now deducting the cost of installing the new machinery you speak of what was the cost of your plant.

A. \$27,500.

Q. I will ask you to state what, in your judgment, from your knowledge of the matter and your experience in the construction or purchasing and running of gins, would be the cost of an eight-stand gin plant, properly equipped to gin 3,000 bales actually?

A. In my estimation \$22,000 would be the minimum cost to equip a gin that would compare favorably with the average gin as it is constructed over the country. My plant cost an additional amount over that from the fact that I have conveniences for the public, many of them, which no other gin has in Oklahoma.

214 Q. Now in this statement you have estimated the cost of an eight-stand plant at \$22,000.

A. Yes, sir.

Q. That is, without the conveniences that you are speaking of?

A. Yes, sir.

Q. And I see that the first item you have here is interest on the investment 8 per cent, would be \$1760. That is correct, is it?

A. Yes, sir.

Q. You estimate the depreciation at 8 per cent. I will ask you to state whether or not 8 per cent is really the amount of the depreciation of a gin plant?

A. It is not.

Q. What, in your opinion, is the depreciation on an eight-stand gin plant generally?

Mr. Johnson: That is objected to as indefinite and uncertain, there being nothing to indicate the character of the work the gin plant has to do.

Mr. Richardson: It is to gin cotton.

Mr. Johnston: The question is whether it runs at its full capacity of half capacity.

Commissioner Henshaw:

Q. How long have you been in the ginning business?

A. Four years.

Q. Four years?

A. Right on the ground continually.

215 Commissioner Henshaw: Of course that is a very limited time to express an expert opinion on depreciation. He may answer the question, however.

Mr. Richardson: I will ask another question before that.

Q. Mr. Welch state whether or not from your experience in the running and handling of gins and other knowledge respecting the matter you know what the average depreciation of a gin plant is per year.

A. From actual experience—

Mr. Johnson: Wait. Now that ought to be answered yes or no.

A. I will ask you to state the question.
(Reporter reads the question.)

A. I believe I do approximately.

Mr. Richardson:

Q. Now state to the Commission what the average depreciation upon an eight-stand gin plant would be per year.

Mr. Johnson: Now, we object to this witness, not having shown himself qualified and before he asks this kind of a question he ought to show what knowledge he has of it and upon which he bases his conclusion that he is qualified.

Commissioner Henshaw: The qualification as an expert witness has been limited, but he can so ahead and shorten the case and you can ask him further about his qualifications later.

216 The Witness:

A. I believe that the average depreciation in our section of the country, the quality of the cotton and conditions considered, would be not less than 15 per cent. Upon actual experience I have entirely worn out four gin stands, which had been run two years prior to the time that I purchased it.

Commissioner Henshaw:

Q. Mr. Welch you are getting maintenance mixed up with depreciation are you not?

A. No, sir, I am not.

Q. The repairing and the renewing of saws and everything that is put in the gin that is charged up to operating expenses and is not depreciation in the sense of depreciation?

A. No, sir.

Q. When one gin stand wears out you put another one in and charge that up to operation or maintenance?

A. Sure.

Q. Now you say it is 15 per cent after you take out those items that is kept up from year to year out of maintenance?

A. Yes, sir.

Mr. Richardson:

Q. I notice also that on this statement, lubricants 5 cents per bale on 3,000 bales would be \$150.00?

A. Yes, sir.

Q. I will ask you to state whether or not that is the cost of lubricants for the running of the gin?

A. Yes, sir, it is the minimum cost.

217 Commissioner Henshaw: Now this witness either don't know what he is talking about or there is no use to go ahead with his testimony. Now his testimony is that a gin is absolutely gone in seven years.

Mr. Richardson: It is what?

Commissioner Henshaw: His testimony is that a gin is absolutely gone in six or seven years. Now we don't care to hear that kind of testimony. That is not true.

Mr. Richardson: Now—

The Witness: That is the gin stand.

Commissioner Henshaw: We are talking about the whole plant; the depreciation we are after covers the building, the engine and the boiler and the gin stand is usually kept up out of maintenance and so there is no use for us to sit here and hear this testimony.

Mr. Richardson: If the court please, we ask leave to proceed with the testimony.

Commissioner Henshaw: No, I am not going to fool with it, unless you have got a witness that knows more about it, and take your exceptions.

Mr. Richardson: May we dictate it in the record?

Commissioner Henshaw: Yes, sir, anything.

218 Mr. Richardson: We offer to prove that all of the matters set forth in Exhibit 44, which we have introduced in evidence, are true and correct, and that he is familiar with the matters and items set forth in this, and that he knows that they are true and correct. Now there is some other matters I wish to ask the witness.

Commissioner Henshaw: Well, go ahead.

Mr. Richardson:

A. I will ask you to state whether or not you are interested in any compress company?

A. No, sir.

Q. I will ask you to state whether or not you are interested in any cotton seed oil company?

A. No, sir.

Q. I will ask you to state whether or not your gin is an independent gin?

A. It is.

Q. Now I will ask you to state how many bales of cotton did you say you ginned last year?

A. 1,862.

Q. I will ask you to state—

Commissioner Henshaw: Now this witness' testimony is over—any further evidence *on* his judgment on depreciation. Anything else you want you can ask him. We are just claiming this witness—not qualified as to depreciation.

Mr. Richardson: All right, we except to the ruling of the Commission.

Q. Now in regard to depreciation I will ask you to explain about what matters you are speaking of with respect to depreciation when you said it was 15 per cent?

219 A. I had in mind the gin stand machinery proper, condensers, gin stands and belting, etc.

Q. Now you say that—how many of them were worn out in six years, the gin stands?

A. Four.

Q. Complete?

A. Yes, sir, I discarded them last spring.

Q. Are you interested with any of the defendants in this case?

A. No, sir.

Q. If I understand the Commission then I may proceed to ask him about the other matters?

Commissioner Henshaw: Yes, sir.

Mr. Richardson:

Q. I notice you estimate fuel 40 cents per bale. State to the Commission whether or not that is correct?

A. That would be about the average of my experience in four years. Last year it cost a little more.

Q. You estimate covering at 90 cents. What do you mean by covering?

A. Bagging and ties.

Commissioner Watson: Hold on. What do you burn?

A. Coal.

Q. How many tons did you burn this last season.

A. Well I haven't that data just before me, but the way I get my cost, all of the fuel is charged to that account, and if any is sold from it, sometimes some of it is sold to farmers who happen to want a little bit—and that account is credited with it.

220 Q. Now can you tell how many tons you bought this last season?

A. Now, I couldn't tell you exactly. It was over four cars of coal.

Q. How many tons to the car?

A. They will average about 32 or -3 tons.

Q. 32½ then?

A. Something like that.

Q. And you bought four cars.

A. I think it was four years?

Q. And you sold part of that?

A. Possibly two or three tons.

Q. Two or three tons?

A. Possibly.

Q. And that run you last year?

A. Yes, sir.

Q. Well now you got fuel per bale 40 cents, and estimated at \$1,200, when according to four cars of coal, 32½ tons to the car would amount to 130 tons.

A. Well that is according to the kind of coal that you would use and the price you pay for it.

Q. That is what you say, that four *tons* of coal would be 130 tons, that is it?

A. I don't know that that is exactly correct.

Commissioner Henshaw: There is no use to fool with this kind of testimony. You are just taking up our time. Now, we don't care—I will tell you what you can do. You can examine him in your office and put all of it in this record if you want to.

221 Mr. Richardson: Well it would be certified in this record.

Commissioner Henshaw: Why yes, we wouldn't care for it.

Mr. Richardson: Does the Commission contend that 40 cents per bale is more than the average.

Commissioner Henshaw: I don't know. Now here is what we want, Gentlemen, there is no use to monkey around with this testimony. I want to know, from somebody that knows, how much coal it takes to burn an engine all day and how many days you are in operation. Now the number of bales he may gin, whatever is the average. And we don't care as far as we are concerned whether it comes in here in the form of affidavit, just so it is reliable.

Mr. Richardson: Now I want to state this to the Commission:—

Commissioner Henshaw: I don't have time to sit here and try cases like other courts.

Mr. Richardson: Well the Commission had stated this was proceeding like other courts and I had presumed you were discarding these other statements on that ground. Now it may be that the Commission wouldn't attach any importance to this evidence and yet the Supreme Court might, and I was of the opinion that we might introduce any witnesses we might wish and have the benefit of it in the appellate court, if we see necessary to appeal the case, and we are entitled to make our record in an orderly way, and if the

Commission doesn't attach any importance to the testimony
222 of this witness we do, and we would be glad to be permitted to put in his testimony before the Commission in the regular way and have it heard and have it considered. After the Commission has heard it, if they are of the opinion that the witness is not credible and think no weight should be attached——

Commissioner Henshaw: Oh, there is no question but what the witness is credible and he believes what he is testifying. It is the theory.

Mr. Richardson: Well, sir, we are attempting to show just what the cost is.

Commissioner Henshaw: From the standpoint that the witness is testifying nobody is questioning the veracity of his statement, but you have all this testimony in the record in some form or other, because all of the testimony that was introduced before the Commission as a Commission was introduced in this case by agreement I understand.

Mr. Johnson: That is the understanding.

Commissioner Henshaw: But what we were wanting in this case, and we will go out and get it for ourselves if it is necessary to get it, is what is the necessary amount of gins to be located in a town to gin the cotton for the public. Now assuming then that his gin could gin 3,000 bales, his gin and one of these small gins down there could do all that business, yet there is three there and may be three more next year. We cannot control that, but the point

we are getting at; Shall we sit here as a Commission, if we
223 have any authority at all, and when they put in these gins for the purpose of buying cotton and this thing and that thing and only using the gin as a by-proposition, shall we permit the raising of price to the customer. In other words, if the Santa Fe builds another railroad, builds from Oklahoma City to Kansas City, shall we permit the Santa Fe to double its rates so that both of them can make a living.

Mr. Richardson: Now here is the thing to be considered about that. I don't know how one could keep other gins from coming in there. This man has his down there first, and if other people see fit to build gins there, I don't know why he should be required to gin cotton at a loss, but aside from that question, as I understand, you want some comparative data upon what would be the cost of ginning cotton in a custom gin and I don't understand that the fact that a man is running a cotton ginning business for his own ginning—and if you want to base it upon a custom gin, his is a custom

gin pure and simple, and that is the thing I want to show and that was the purpose of it.

Commissioner Henshaw: Well I don't think that if a ginner will notify the public in the advance of the cotton season in time to make other arrangements, that he could run a gin for the custom cotton at all, he may withdraw it.

Mr. Richardson: Yes, sir.

224 Commissioner Henshaw: But if he don't do it or don't give that notice, I am sure he couldn't during the ginning season.

Mr. Richardson: If a man gins for himself and yet runs as a custom gin why I think the total number of bales he gins both for himself and the public would be considered in determining the cost of ginning per bale.

Commissioner Henshaw: All I had—I mean the evidence along this same line. I don't know how much is in the record and I appreciate you are in the same position. I wasn't here all the time, but when we were up here before we discussed what was in the record, but this hearing was really continued to ascertain the facts along the line of how much it costs—now take a gin that runs half the time burns about as much coal as one that runs all the time. You have to keep up steam all the time.

Mr. Richardson: Now, if the Commission please, I am just going to ask the witness to state in a general way whether or not this cost is true.

Commissioner Henshaw: I am just going to suggest that you can introduce anything that you want to in this record, and I only suggested to you what I thought about the value. Now you can introduce anything you want to any way you want to, but I just wanted to serve notice on you what the Commission would consider, and you can have it for the court or anything else you want to.

225 Commissioner Watson:

Q. Do you buy your coal from the mines?

A. Yes, sir.

Q. What did it cost you at the mine?

A. I think \$2.35.

Q. \$2.35 at the mine?

A. Yes, sir.

Q. What was the freight on it?

A. \$1.78 or 80—\$1.80, I believe.

Q. We can tell that here.

A. Possibly \$1.78. I am not right positive.

Q. That makes your coal cost you \$4.15 according to that, and you used 130.

A. I would say that. I said I thought about four cars.

Q. And you sold some out of that.

A. Possibly two or three tons.

Q. Then that would be about, according to your testimony, then about 127 tons. That would make \$553.05 according to your statement?

A. That is for coal.

Q. Yes, sir, and in your report here you have \$1,200.

A. Yes, sir, in addition to that, your honor I used I don't know how many barrels of gasoline.

Mr. Richardson:

Q. This \$1,200 is the estimated cost on 3,000 bales. You remember he only ginned 1800.

Commissioner Watson: I don't know how you are going to get an estimation on 3,000 bales of cotton when you ginned 1862 and he has got the cost on it.

226 The Witness: I have the actual cost on 1862.

Mr. Richardson:

Q. Just state to the Commission what the actual cost of fuel was per bale say on your 1862 bales.

A. 49 cents in the year 1913.

Commissioner Watson:

Q. Now how do you make that?

A. Well in addition to the coal that I purchased I also used a quantity of gasoline. I have a gasoline engine for the purpose of handling certain grades of cotton, to dry it, that the farmers bring there, that you can't gin otherwise.

Q. Well that wasn't used in ginning cotton.

A. It was used in preparing cotton to gin.

Q. Well you can't charge that up for operating expense for ginning cotton when it wasn't used for that purpose.

Mr. Richardson: Does the Commission contend that he would have to lose that.

Commissioner Watson: He can't charge up drying expenses to ginning cotton. It don't belong there.

Mr. Richardson: Why could he charge up the building of the gin.

Commissioner Watson: The building of the gin is for the purpose of ginning the cotton.

Mr. Richardson: Why isn't drying.

Commissioner Watson: I never heard of a gin going into the drying business. The supposition is it is dry when it comes there. Nowe, he can't charge that up for every bale of cotton that comes there.

Mr. Richardson: The question here is what is the average cost per bale.

Commissioner Watson: Yes, for fuel. Now he has got fuel here.

227 Mr. Richardson: Isn't gasoline fuel.

Commissioner Watson: Certainly, but that is drying cotton. We want the cost of ginning a bale of cotton, and you can't put that in there. We are not going to allow it.

Mr. Richardson: Well we offer it for that purpose.

Commissioner Watson: Well it will be stricken out. It is not going in there when it is not for the purpose.

Mr. Richardson: We except to the ruling of the Commission.

Q. Now, Mr. Welch, I will ask you to state whether or not the other items stated on this exhibit within your information and in your experience and knowledge with respect to the matter are true and correct.

A. They are.

Q. Now, Mr. Welch, I will ask you to state how much it really cost you per bale to gin cotton last year, at your gin, your eight-stand gin at Chattanooga wherein you ginned 1860 some odd bales.

A. The ginning portion amounted to a little over \$5.00 a bale, about \$5.09, I believe.

Commissioner Watson:

Q. That is including those items that you put in here for drying cotton and according to the report you have made.

A. Yes, sir.

Q. Well if your other reports are like that ginning cotton for fuel it is about as correct as that.

Mr. Richardson:

Q. Did you make any extra charge for drying cotton?

A. No, sir.

Q. Now how did you come out with the operation of your gin last year? State whether or not you made or lost money?

A. I lost money.

228 Q. How much did you charge per bale?

A. We charged not by the bale but by the gross weight of the seed cotton at the rate of 16 $\frac{2}{3}$ cents a hundred for picked cotton.

Q. About how much would that come to per bale?

A. Oh, it will average—including the bagging and ties, you mean?

Q. Yes, sir.

A. Approximately \$4.00.

Q. You say at that price you lost money. How much did you lose?

A. I believe it was \$2,471.00.

Q. Now with respect to the matter of having no more gins in that town than could actually gin all of the cotton that is raised in that community during a whole season, I will ask you whether or not the cotton comes in in any way evenly distributed during the season?

A. No, sir; it does not.

Q. Will you state to the Commission about how the cotton comes in. In the first place what is the length of the ginning season?

A. For the past four years it has run from Sept. 1st—I am putting this just approximately, not exactly on the first day of the month—until about the first of March.

Q. That is of the succeeding year?

A. Yes, sir.

Q. What percentage of the cotton ordinarily comes in along in the early part of September?

A. The first two weeks of September the percentage is small on account of the cotton not opening up all at once. Of course 229 the bulk of the cotton usually comes from about the 20th of September until the first day of November.

Q. What is the condition of our gin between those dates with respect to being crowded or not.

A. We usually run full time and worked over-time.

Q. How does the cotton usually come in with respect to the days of the week?

A. The last three days of the week there is more cotton than the first three days of the week, and especially on Saturdays, Mondays being ordinarily a light day.

Q. Now if there were no more gins in a community than could actually gin the cotton raised in that community during the season what would be the result with respect to the crowded condition and the length of time people would have to wait to get their cotton ginned

A. Well——

Mr. Johnson: I object to this as calling for a conclusion of the witness and I don't think it is material.

Commissioner Watson: Objection sustained. It is a conclusion.

Mr. Richardson:

Q. Now from your knowledge and experience in the ginning of cotton state to the Commission whether or not the number of gins that would be only sufficient to gin the amount of cotton actually raised in the community could gin the cotton that is brought to it through the busy part of the season?

A. No.

Q. As it reaches it or whether or not it would be required to keep people who bring cotton to it waiting for some considerable period of time to get the cotton ginned?

230 A. It would require them to wait until such time as the gin could turn it out.

Commissioner Watson:

Q. Did you ever see cotton houses built around a gin with stalls to put cotton in?

A. I have them.

Q. You have it now?

A. I have two, yes, sir.

Q. How much can you store in those two?

A. I can store about 16 bales of custom cotton by going to extra work.

Q. Well now it used to be handled in that way when you were a boy?

A. I can't tell you. I didn't live in a cotton country.

Q. You don't know whether it was handled that way or not?

A. No, sir.

Q. Well it can be handled that way. You can build a house to hold forty or fifty bales of cotton can't you?

A. Well that is right. You couldn't have to have that many stalls because a man might have four or five bales.

d. I have stored as much as six bales for one man in a large stall, but where you find one man that way you will find a hundred others that will just have one bale.

Q. You will have to have different sized stalls for each man. Now how many bales of cotton can you gin on one season, how many a day?

A. In a day like now, 100 bales a day of picked cotton.

Q. And you can gin 3,000 bales then a month. That would be running Sunday.

231 A. Yes, sir.

Q. You can gin 2,600 bales a month?

A. Barring accidents.

Q. And you could gin all the cotton then that is in your community in six weeks?

A. Yes, sir; that is, all there was last year.

Q. With the same force the same fuel and practically the same fuel, the same force that you ginned 1,862 bales last year.

A. If I could get the cotton to come as I could gin it.

Q. If you had houses for it to go in you could dispense with this labor until you got your house full?

A. It would require an enormous house because you have to store each man's cotton separate from the other man's.

Q. That is right, but build stalls to put it in. That is the way they used to do when I was a boy.

A. I don't know how you could by building that kind of a house.

Q. Do you think the people of Chattanooga should maintain three gins there at \$5.10 a bale to gin it when one gin could gin all the cotton that was made there last year in six weeks?

A. No, sir. I don't maintain that simply because of the fact it was not charged. That price wasn't charged.

Q. You say that it what it cost you?

A. It cost me that but I charged the regular rate of ginning.

Q. What did you charge?

A. 16 $\frac{2}{3}$ a hundred in the seed.

Q. How much is that for a 500 pound bale?

232 A. I don't know.

Q. 1,500 pounds of seed cotton at 16 $\frac{2}{3}$ cents a bale.

Mr. Mayer: That would be \$3.40.

The Witness: That is on 1,500 pounds.

Commissioner Watons.

Q. That is considered the average bale?

A. Well not now on account of the amount of foreign matter that is in the load. Of clean-picked cotton it would be.

Q. Well now in ginning 1,500 pounds of seed cotton on the average what will that bale weigh?

A. If it is clean they will average 500 pounds.

Q. Now you get how much a bale for ginning that last season?

A. I couldn't tell you.

Q. What did you charge?

A. 16 $\frac{2}{3}$ cents.

Q. That was \$3.16 per bale. And you say with the number of gins you have got you could gin 100 bales a day?

A. Yes, sir.

Q. That is \$340.00 a day. Now what would your labor cost to do that. Now come to the engineer, what did the engineer cost you?

A. \$80.00 a month this year.

Q. How much would that be a day?

A. About \$2.80.

Mr. Richardson: That is just a matter of calculation.

A. About 2.62 or 3 cents.

Commissioner Watson:

Q. For the engineer. Does he have to have a fireman?

A. No, sir.

Q. He does his own firing and own oiling?

233 A. Yes, sir, on the engine.

Q. Now you have a ginner. How many ginners have you?

A. Two ginners.

Q. What do you pay them?

A. \$90.00 a month and \$75.00 a month.

Q. That is how much a day, each one?

A. Would be \$3.00 and \$2.50—would be \$5.50 a day.

Q. Then you have two pressmen?

A. Four pressmen, at \$2.00 a day.

Q. That is \$8.00 a day. Then what other help?

A. Two suction men.

Q. How much a day?

A. \$2.00.

Q. Each?

A. Yes, sir.

Q. That is \$4.00 for the suction men. What other help?

A. \$3.35—\$3.83 $\frac{1}{2}$.

Q. Now what others?

A. Bookkeeper and weigher at \$2.50 a day.

Q. What others?

A. Well I am there myself at all times and busy.

Q. You are the Superintendent?

A. I am the owner. I have a man hired as superintendent.

Q. Now you don't have any superintendent when you are there yourself, do you?

A. Most assuredly.

Q. What do you do?

A. I am the busiest man on the job.

Q. What do you have any use for a superintendent then?
234 A. I have 140 belts running in that gin, the dust accumulation and everything of that kind causes a great deal of trouble with them. It keeps him busy looking after those and seeing that these ginners are doing their work properly, etc.

Q. Then there is nothing for you to do?

A. The main part for me to do is to see that the customers are coming in their turn in the gin and looking after the seed saving proposition, especially. I have an arrangement made for catching the seed for the accommodation of the farmers so as to get them as barely as possible and I am first at the gin and then at the office, across a half a block.

Q. You are buying seed and buying cotton all the time?

A. I don't buy cotton.

Q. You buy the seed.

A. If a farmer wants to sell it.

Q. How many tons of seed did you buy last year?

A. Approximately I would say 500 tons.

Q. So it kept you pretty busy looking after that?

A. Not that alone.

Q. Who do you sell your seed to?

A. Sell some to East St. Louis, some to Chickasha and some at Temple and some at Lawton—a greater part of them went to Lawton. It is near me.

Q. Your labor amounted to \$25.93 a day to gin 100 bales of cotton at \$3.40 a bale; the labor amounted to \$25.93 and the income—outside of the fule and oil etc. or your income was \$340.00 a day?

A. If I had gotten that much cotton. I have never ginned that much.

235 Q. Now if you could get that much cotton a day how cheap could you gin cotton and make a profit at that expense for labor?

A. I haven't that experience. I know that if a person could get that much cotton and get it regularly from the beginning of the season to the end, which condition is impossible to bring about, a person could gin it much cheaper than he does now.

Q. You could do that by building more cotton stalls.

A. I don't believe the farmers would want their cotton stored and ginned at any time I got ready.

A. But when you got enough to gin you would gin.

Mr. Richardson: Their salaries go on all the time?

A. Yes, sir.

Commissioner Watson:

Q. Well, if this was done there it wouldn't be necessary to lay off much. You would keep running all the time.

A. I could during the light part of the season when the cotton was being picked, but at the latter end of the season, of course, it would be the same proposition again.

Q. Now you say there is 3500 bales ginned there last season?

A. About that.

Q. And it took six months to gin it?

A. Yes, sir.

Q. Well now, six into 3500 that is 583 bales a month and you say you can gin that in six days?

A. Barring accidents, yes, sir.

Q. Now do you think the Commission ought to allow you a rate and the other gins there to make a profit on your ginning when one gin can gin all the cotton that is brought there?

236 A. If the conditions were such that one gin could get the cotton enough to keep it running reasonably regular time one gin would be sufficient, but on account of six months' run being delivered practically within six weeks one gin could not begin to handle it unless he discommoded the public to a great extent.

Q. Now by building these necessary cotton bins,—there wouldn't over a hundred bales of cotton come a day to that point.

A. Oh we will gin more than that in a day, or three days.

Q. More than 100 bales a day.

A. We didn't last year because it was raining all the time. Of course, we would gin one day and lay idle three days. During the month of December only run parts of two days.

Q. And then you think that the public ought to pay you an exorbitant price for ginning those two days because it rained all the month?

A. No, I don't think so, nor did we charge them that.

Q. I can't see how the Commission can allow a price to keep up three gins in any town where one gin can do the work and in the evidence taken in the case here before, take Wellston. They had three gins there when one gin could do all the work that was done there—gin every bale that was ginned there and not run over half the time of the season.

Mr. Richardson: Is the Commissioner through with this witness.
Commissioner Watson: Yes, so ahead, let me hear something else.

Mr. Richardson:

Q. Mr. Welch, how much would it cost to install a storage house with the necessary stalls to store fifty unginned bales of cotton?

A. And keep each bale separate?

Q. Yes, sir.

237 A. I would have to give you that answer based on the size and cost of the house that I now have.

Q. Well based upon that how much would it cost?

A. About \$800.00 at a minimum for the building alone, to say nothing of the apparatus for taking it out.

Q. How many farmers do you believe there are in your community that would be willing to store a bale of cotton at all before it is ginned?

A. There are none who like to do it that I have ever found.

Q. Now when Mr. Watson was examining you in regard to your ability to gin all of the cotton and the fact that you can gin 100 bales a day, I will ask you to state whether or not that would be pos-

sible where the cotton comes in slowly at first and then during the short season when the principal part of it is picked very fast and afterwards slowly again?

A. I think that is not only impossible but I don't believe it is practicable.

Q. Now I will ask you to state whether or not the farmers would be willing to bring their cotton in and store it and wait until a later date to have it ginned or do they want to gin it as soon as they bring it?

A. I have never found a farmer yet but what wanted his cotton ginned as quickly as possible. There have been a few instances where I have stored cotton when the weather was inclement and the gins were crowded and the farmer wanted to go home, or in two cases. One case I believe I stored cotton for a gentleman who didn't want to sell his cotton but wished to hold it until the next spring to sell it. I stored six bales for him.

238 Commissioner Watson:

Q. Keep it all that season?

A. Yes, sir.

Q. How many bales of cotton comes into Chattanooga a day during the busy season.

A. Taking an average for the last four years I would say 150 bales.

Q. Come in there a day for how long?

A. For a period of about—well now I couldn't state that, because the weather conditions have a whole lot to do with that, the size of the cotton crop and everything of that kind.

Q. When it is raining you can gin cotton just the same as you can when it is not if you have got it in the house?

A. Yes, sir.

Q. And you would like to have a house to put it in so as to keep ginning all the time?

A. If it was possible.

Q. Now 150 bales was the amount you have every day come into Chattanooga?

A. No, I said the average.

Q. The average it would be 150.

A. With the average conditions.

Q. How many weeks would that run that way, 150 bales?

A. Well for the past four years I would judge it would be about four working weeks.

Q. Four weeks.

A. Yes, sir.

Q. That is 24 days?

A. Yes, sir.

239 Q. That would be 3600 bales of cotton in four weeks?

A. Yes, sir.

Q. And you only ginned 3500 there all told?

A. Last year, but the year before it was about 7,000.

Q. 7,000 and then in accordance with that you can gin all the cotton that is brought to Chattanooga in six weeks.

A. We could this last year.

A. Well the year before?

A. If we had no mishaps and could have gotten it just as fast as we wanted, we could.

Q. And if you had a house to put it in, and if you gin 100 bales in the day you could gin that much in the night, couldn't you by doubling your force?

A. Certainly, because cotton seems to gin nicer at night than day time.

Q. That would be 200 bales that you could gin in a day and you never have more than 150 there.

A. Yes, I am talking about the average.

Q. And if the cotton come in in that ratio you could gin every bit of it that is brought there in six weeks?

A. Yes, sir.

Mr. Richardson:

Q. Does the cotton come in that ratio?

A. No, sir.

Q. If all these people on this interurban railway company would come at one time the railway company could run a week and stop a year?

A. I think so.

Commissioner Watson:

Q. The interurban don't grow cotton for themselves?

A. I don't carry passengers either.

240 Mr. Richardson:

Q. In other words, you have to adapt yourself to the conditions as they exist?

A. Yes, sir.

Q. And all the cotton is not picked at once?

A. Certainly not.

Q. And you have got to run your gin all the season and gin the cotton when it comes?

A. Certainly.

Q. And when it first starts you get only a few bales per day?

A. Yes, sir.

Q. And when it is picking at its best you get lots of it.

Mr. Johnson: We object to this as argument.

Commissioner Watson: We know it is simply conclusions.

Q. Do you keep your ginning force up all through that time to gin it?

A. No, sir.

Mr. Richardson:

Q. And at the latter part of the season then the cotton comes in slowly again?

A. Yes, sir.

Q. But during the ginning season you have all of your overhead expense?

A. Yes, sir.

Q. I will ask you to state whether or not your men are all on a pay-roll?

A. Yes, sir.

Commissioner Watson:

Q. What length of time?

A. Until we quit ginning.

241 Q. From the first of September until the last of March?

A. Yes, sir, except possibly two months, but where a man has four stands I know they do in that town, they keep their gin.

Mr. Richardson:

Q. About how many bales do you average ginning a day—something less than 20?

A. Yes, sir.

Commissioner Watson: Now he is testifying to his own, and you didn't average 20 bales a day.

Mr. Richardson: Wasn't 20 bales a day average in the whole town.

Commissioner Watson:

Q. Now do you think the public ought to keep up four gins to gin 20 bales a day.

Mr. Richardson: That is objected to as asking for a conclusion of the witness, and as incompetent, irrelevant and immaterial.

Commissioner Watson: I want the witness to answer this question.

Q. Should the public be taxed to do this ginning?

Mr. Richardson: That question is objected to as incompetent, irrelevant and immaterial. This witness has not shown himself as competent to answer it.

Commissioner Watson: Objection overruled, and the witness can answer the question.

Mr. Richardson: Exception.

The Witness: You have reference to the number of gins now in town.

Commissioner Watson: Yes, sir.

A. We have too many on Monday and not enough on Saturday.

Q. And yet the public are taxed to keep up all three of the gins all the week to gin what they can do on Saturday.

Mr. Richardson: Same objection.

242 A. No, sir.

Commissioner Watson:

Q. And the salary is kept up all the time?

A. Yes, sir, because I can't do otherwise. The labor conditions are such that a gin man is forced to do all those things.

Q. Then if there was only one gin it wouldn't be necessary to keep up but one force?

A. Yes, sir.

Q. And one gin can do all the work?

A. If he can get the cotton as he wants it.

Q. If one gin could gin only a certain number of bales it couldn't do otherwise.

A. They could go to another town.

Q. Suppose the same condition exists at the other town.

A. That would put a different face on the proposition altogether.

Q. They would have to wait then, wouldn't they?

A. Certainly.

Q. That is the way we are going to fix it.

Mr. Richardson:

Q. Now you say you ginned 1866 bales?

A. Yes, sir, 1862.

Q. And you run your gin from the first of Sept. to March 1st?

A. Yes, sir.

Q. That was six months, wasn't it?

A. Yes, sir.

Q. About 180 days?

A. Yes, sir.

Q. That was an average of 10½ bales per day during the time you were running your gin?

A. Yes, sir.

243 Commissioner Watson:

Q. If you used the same crew you would have ginned 100 bales a day.

A. If we had the cotton, yes, sir, picked cotton.

Mr. Richardson:

Q. Now in answer to a question Col. Watson asked you with respect to price for ginning, I will ask you to state at what price did you put in the bagging and ties?

A. Last year I charged \$1.25, I believe.

Q. And for 1600 pounds of seed cotton. Is that the average number of pounds?

A. About 1600 pounds.

Q. That is 16½ cents a hundred?

A. Yes, sir.

Commissioner Watson:

Q. What did you say the bagging and ties was per bale?

A. \$1.25.

Q. You have only got 90 cents here.

A. That is the cost to me f o b cars.

Q. You made 35 cents?

A. No.

Q. You have got 90 cents here.

A. You often find bagging with two or three patterns spoiled in it and some of it short.

Q. You have to pay for it all the same?

A. Always have had. I used four kegs of extra Buckles last year for the ties. Lots of bales we have to put six or eight bands on them.

Mr. Richardson:

244 Q. Now on a 1,600-pound bale of seed cotton, 16 2/3 cents per hundred would come to \$2.63 2/3?

A. Yes, sir.

Q. And another charge of \$1.25?

A. Would make \$3.91 2/3 or approximately \$4.00.

Commissioner Watson:

Q. I don't see any credit you have given for the profit you made on the bagging and ties?

A. That is not a ledger statement there.

Q. Then none of it is a ledger statement.

A. Yes, sir, as to the cost.

Mr. Richardson:

Q. Now, I hand you here what purports to be a sworn statement of yours with respect to the operation of your plant at Chattanooga for the year 1913?

A. I did in my own writing.

Q. I will ask you to state whether or not that is correct.

A. It is.

Q. We ask to have this marked exhibit 45.

Commissioner Watson: And in that is this coal bill you have got in here that amounts to \$1,200.00?

A. No, sir, not last year, not on my ginning. That is an estimated cost on 3,000 bales.

Q. And this lubricants at 5 cents per bale is estimated too, isn't it?

A. Estimated on past experience.

Q. And the eight per cent depreciation is estimated, too, isn't it?

245 A. Yes, sir, that seems to be the general rule followed.

Mr. Richardson: I will state to the Commission that Mr. Henshaw directed that the depreciation be estimated at eight per cent.

Commissioner Watson:

Q. And 90 cents per bale for bagging and ties. You say that wasn't estimated?

A. No, sir, that was what they cost by the invoice that I received covering them.

Q. And the superintendent's salary \$100.00 per month, six months, is estimated?

A. No, sir. Well that is not an actual statement of actual opera-

tions, but it is as near an approximation as in my judgment you could get it.

Q. That is approximated then?

A. Most assuredly. That is not on actual experience on this 3,000 bales because I never had them.

Q. And this office man at 3 months \$75. is it approximated?

A. That is what I have been paying.

Q. That is actual?

A. Oh, yes.

Q. Two months at \$60.00.

A. \$60.00; the last two months the work is light and I don't think that all the ginners do that, however. I think that is a mere arbitrary matter.

Q. And all of these charges here for six months are they?

A. Yes, sir. That is the average ginning season.

Q. And for the work you could have done in six weeks under proper conditions—under ideal conditions.

246 Mr. Richardson: There is some of this estimated at four months. Four pressmen and two suction men.

Commissioner Watson:

Q. Now I see you have got in this here \$325 for insurance. Is that actual \$525?

A. No, I paid more than that from the fact that I had two losses, one by wind and another a slight fire and credited the loss charge to my insurance charge. I think my actual approximate less last year cost me \$810. If I hadn't had this loss why the insurance would have shown up greater. In fact, I don't believe it should have been charged to that. You have reference to the individual statement now, but you were looking at the estimated.

Q. That is the estimated?

A. I thought you were asking about my actual experience?

Q. Water and light 10 cents per bale, is that estimated?

A. My own cost on that.

Q. Where did you get it?

A. From the city.

Q. How much did you use a day?

A. I don't know. I pay a flat rate of \$1.50 a day whether I run or not.

Q. How many months?

A. Six months.

Q. Whether you run or not?

A. Yes, sir; that is, providing I don't close my gin down in that time.

Q. This amounts to \$234.00.

A. I don't know. It is the actual work days.

247 Q. And you have got charged up here \$300.00.

A. Well there is your light on that.

Q. Well water and light 10 cents per bale, and you run six months, \$39.00 a month would be \$234.00.

Mr. Richardson: He said, however, that he only paid \$1.50 for the water and your \$234 doesn't include the light.

Commissioner Watson:

Q. Did you run at night to gin this stuff?

A. Yes, sir.

Q. To gin ten bales a day.

A. Well if I only ginned ten bales a day, we usually turn on our lights, and especially on cloudy days. Now we had last fall as you may remember a great many cloudy days and in order for the men to see into the gin stands properly, to see that the rolls were in proper condition and nothing on the cuttin' boxes that should not be there, the lights I consider as necessary.

Q. Well you only ginned 1862 bales at 10 cents per bale would be \$186.20.

A. That was based on a 3,000 bale run. That might cost more or less, Colonel.

Q. It doesn't make any difference; based on 3,000 bales it is just the same per bale, it wouldn't be \$300.—You say you paid \$1.50 a day whether you run or not?

A. That is for the water; for the lights it would vary.

Q. And ginning ten bales a day, and occasionally you run a light in the evening—sort of like some of these other fellows in their report here in this Chandler case, where they got drayage here, \$1.38, I believe, and there isn't a farmer that ever takes a bale of cotton to a gin and pays for it being ginned, but what takes his cotton away from the gin.

A. I would state in reference to the light proposition, in an eight-stand outfit you have they arranged around the sides of the building, you understand. Now the only way you can get light is out of the top of the roof, because the stands themselves obscure the lights from the sides to a certain degree, yet on a real bright day, but on cloudy days I have known the lights to be turned on at 10 o'clock on account of having a double gin and excluding the lights on each side.

Q. You people down there better not have many cloudy days then.

A. We don't like them. Now with a single gin the condition would not be the same.

Mr. Richardson: If the Commission please, we offer in evidence now then exhibit No. 45.

Mr. Johnson: To which the plaintiff objects as incompetent, irrelevant and immaterial; too indefinite and uncertain, and tending to prove no issues before the Commission, and for the further reason it is not the best evidence of the facts it purports to prove.

Commissioner Watson:

Q. Where did you get this blank to make this report on?

A. I got it from Mr. Clayton.

Q. He sent it to you to make it out.

A. I asked for it. I was asked for the cost of running an eight-

stand gin and I asked him in what manner it was wanted and that blank was furnished me in answer to the request.

Q. Did he furnish you a copy to make it out by?

A. No, the blank paper without any comments.

Q. How come you to leave out drayage on yours and the
249 others have all got drayage on them.

A. Well I had no item of drayage except for what little supplies I haul from the station. I have got a horse of my own and that was not charged up. It didn't amount to but little anyhow in my case.

Commissioner Watson: I will reserve the ruling on that exhibit until later on.

Mr. Mayer:

Q. This exhibit 45, you have the supporting data for this, have you?

A. No, I had to take that from my ledger. That is from actual charges, money that I spent.

Q. Well excepting certain items, depreciation and such as that?

A. I didn't put that on there.

Q. Yes, it is on here, \$1.10 a bale.

A. Yes, figuring at 8 per cent. That was, as I understood, the ruling of the Commission.

Q. Where did you get that.

A. I think it—

Mr. Richardson: Mr. Henshaw stated at the last hearing, I understood that they needn't estimate—I was talking to Mr. Henshaw about the third or fourth of last December; I think it is possible he told me eight per cent would be allowed for depreciation, because I came here to see him relative to this case.

Mr. Mayer: Eight per cent on the whole plant.

A. Yes, sir.

Q. What is this cost—\$27,500.

A. Cost of the plant.

Q. That includes depreciation on the land?

250 A. No, I don't suppose the land depreciates, but I don't believe that any person no matter how good a statistician he might be could tell exactly what the depreciation would be.

Q. I understand, but you say that the plant costs a certain amount of money and it includes the land and the building. I don't believe that question was brought out.

A. The land is \$250—or \$150.00, there was part of it donated for the gin when it was put in.

Q. Well on this other exhibit—

A. That is for the plant alone.

Q. That is for the plant or the building?

A. The building and the machinery.

Q. But not the land?

A. No.

Commissioner Watson:

Q. So you think an eight per cent depreciation on the building would be right and fair?

A. I expect it would.

Q. How long will that building last?

A. Well if you keep it painted properly—I couldn't tell you—it is beyond me.

Q. You don't know anything about the rule on depreciation on buildings.

A. No, sir.

Mr. Mayer:

Q. How much of the building is—that \$22,000 that is represented by buildings.

Mr. Richardson: I think we might shorten this. It was agreed at the hearing in Chandler that the depreciation would be eight per cent.

251 Commissioner Watson: No, it wasn't.

Mr. Mayer: The Commission has never made any ruling on depreciation at all, so far as that is concerned. I merely want to find out from the witness just what is included in this figure. He has no data supporting these facts. This is the first time that an exhibit has ever been entered before the Commission without any supporting data. Now it may be all right. Now, to support such a statement as this Exhibit No. 45 I think the gentleman should furnish the supporting data in detail and not only for 45 but for every exhibit of its kind furnished, if it is expected that they be used for anything. We are at a loss to check any of these exhibits against anything the way you have it framed up here.

A. You would have to have the books of the company, my ledger and certain—

Q. You understand that an exhibit of the nature of this 45 don't mean anything from the standpoint of being able to be verified.

Mr. Richardson: It is verified by himself. He has sworn to it.

Commissioner Watson: The cancelled checks.

Mr. Mayer: That is the kind of evidence that should be used.

The Witness: Well it was probably an over-sight on my part. I would be very glad to show them if they are wanted.

Mr. Mayer: There is 63 exhibits of a similar nature to No. 45 in this record and I don't think they ought to be taken very seriously unless the original supporting data for each one is shown.

The Witness: You understand that these figures were taken from the ledger in which each one of these individual accounts were kept separate.

252 Mr. Mayer: I think that is understood, but the way you might take them from the books and the way I might would be two different things.

The Witness: There is just one way to take them.

Mr. Mayer: Now, in addition to that, there is nothing accom-

panying these statements showing the number of bales ginned per day for each day during the season and the number of hours that the gin worked, all of which are necessary for this case and I think ought to be furnished, if the exhibits are taken to be verified at all. Now there is 63 of these exhibits, I believe.

The Witness: It would be a matter of impossibility for me to show the number of hours we actually worked.

Mr. Mayer: Now then again, for the town of Chattanooga, where there are three gins, there is a report here from only one of them, as I understand it, and we are totally unable to find out from the record whether or not that eight-stand gin handled all of that cotton.

Mr. Richardson: We take the position, as far as that is concerned, that it doesn't make any difference whether one gin could handle all of it. The fact that they are all there.

Mr. Mayer: I believe that was the position that the Commission wanted evidence taken on to-day. Now, if the Commission please, there are supporting details for every one of these exhibits, and which includes not only the cost of operation, but the cost of plant. These defendants should be able to furnish a statement showing the number of bales ginned each day in the ginning season and the number of hours worked each day, and I think they should furnish that in order that we might verify the exhibits.

253 Mr. Johnson: We have insisted upon that kind of a statement, if the Commission will remember, from the very beginning we criticised Mr. Owen's statement when he filed it and said to the Commission that they ought to be required then and there to furnish what is now stated, because there is only one way that the Commission can intelligently get at the matter and that is to show something from their books, the days they run and the days they paid these men and the men they laid off and the number of men they run at these times. That is one of the questions I want to ask this witness when counsel gets through, to see if he has any knowledge of it.

Mr. Mayer: Now there is just one other question.

Q. Suppose you were to construct a cotton bin sufficient for the needs of the cotton growers around Chattanooga, how much would that building cost, do you suppose. Just a rough estimate.

Commissioner Watson: He said a while ago \$800.

The Witness: I would state to you, sir, in the first place it is impracticable and I cannot make an estimate on something that is impracticable.

Commissioner Watson: It is not for you to decide whether or not it is impracticable. You just answer the question. We will pass on it. You answer the question.

A. I couldn't tell you.

Mr. Mayer:

Q. I believe you said about \$800.00 for your gin.

A. I believe about 18 bales in a separate gin—

254 Q. Suppose you put in one of a sufficient capacity to hold 100.

A. To put in one to hold 100 bales would necessarily spread it out over a greater amount of land and the chances are largely in favor that you would have to put in an extra suction fan to pull the cotton from that house on account of the fan that is doing it now not having a capacity of carrying the cotton from the house.

Q. What would that cost then, \$5,000 for the whole thing?

A. That ought to cover it, I expect. Now that is a hard question to answer.

Q. Now the interest on \$5,000 or the cost of putting in this cotton bin, would be less than on another gin. You couldn't put in a gin for \$5,000 could you?

A. No, not a regular gin—unless as it was in a very small one, one or two stands.

Commissioner Watson:

Q. Now the depreciation at 8 per cent on your investment there, that includes the building?

A. Yes, sir.

Q. Includes the engines?

A. Yes, sir.

Q. And the boilers?

A. Yes, sir.

Q. Do you know what the estimated life of a steam engine is?

A. No, sir, I don't know exactly. All I would know is my past experience in handling a great amount of machinery when I was connected with the coal companies. The life of an engine depends a great deal upon the conditions under which it has to work.

Q. Do you know what the life of a railroad engine is estimated at, locomotive?

255 A. No, sir.

Q. Do you know that is 25 years. Don't you think an engine for a cotton gin that only runs half of the time or hardly half of the time in the year would last as long as a locomotive that runs every day in the year.

A. If proper care was taken of it the chances are it would.

Q. And you try to take proper care of it.

A. Do everything possible to protect all machinery.

Q. Now is your building painted?

A. Yes, sir, it has been painted three times in five years.

Q. How long will it last under present conditions?

A. I should think 15 years anyhow.

Q. Not any longer than that.

A. Well possibly so. The chances are it might last twice as long, but it is a question I am not familiar with, your honor. I am not competent to answer, because I have never made a study of it. The vibration on buildings of that kind is something terrific.

Q. The house I was born and raised in is still standing and I am 65 years old.

A. It didn't have cotton gin machinery in there though to rattle it, did you Colonel?

A. No.

A. I would state this, that I had to put in, I think it was, 22 extra braces after the plant had been run three years.

Mr. Richardson:

Q. Have you included in your statement there anything for painting or repairs or anything—

A. No, sir.

Q. You have counted that all in depreciation?

256 A. Yes, sir.

Mr. Mayer: He has included 10 cents a bale for repairs.

Mr. Richardson:

Q. That is the operating repairs?

A. Yes, sir.

Commissioner Watson: Where we allow for maintenance expense we cannot allow depreciation; one or the other has to come out. The exhibit is not worth anything in this case.

Mr. Richardson: We offer it in evidence, if the Commission please.

Commissioner Watson: It might go in for whatever it is worth, but I don't think it is worth anything in this case at all. We cannot allow two accounts in one.

Mr. Richardson: We desire to have it admitted in evidence. Does the Commission admit it.

Commissioner Watson: It is not worth anything in the case.

Mr. Richardson: That, of course, will be for the Commission to pass on in determining it.

Commissioner Watson: It can go in for whatever it is worth.

Mr. Richardson: All right, we desire it admitted.

Commissioner Watson: But it is not worth anything in this case, in its present status.

(Said exhibit is offered and admitted in evidence for whatever it is worth, marked for identification as Def't Exhibit No. 45, made a part of this record, and is in words and figures as follows, to-wit:)

257

(DEF. EX. 45.)

Gin Located at Chattanooga.

Owned by D. C. Welch.

Original Cost of Plant \$27,500.00.

Depreciation is figured at 8 per cent and the cost of repairs is omitted entirely. All items figured in cents per bale.

	Season.			
	1913 (entire).	1910-'11.	1911-'12.	1913.
Depreciation at 8 per cent....	.....	.....	.....	1,096
Lubricants .....	.....	.....	.....	.072
Stationery and office Supplies.	.....	.....	.....	.005
Fuel .....	.....	.....	.....	.490
Covering	None	.....	.....	.....
Salaries .....	.....	.....	.....	.846
Labor .....	.....	.....	.....	2.128
Taxes .....	.....	.....	.....	.096
Insurance on Plant.....	.....	.....	.....	.255
Drayage .....	.....	.....	.....	.....
Water and Light.....	.....	.....	.....	.108
Incidentals	None	.....	.....	.....
Operating Repairs	None	.....	.....	.....
Total cost per bale.....				5.096
Total Number Bales Ginned.....				2,007
Number Ginned for Custom.....				1,734

STATE OF OKLAHOMA,
County of Comanche, ss:

I solemnly swear that the foregoing statement is true.

(Signed)

D. C. WELCH.

Subscribed and sworn to before me this 28 day of M-ch, 1914.
My commission expires Oct. 29, 1914.

[SEAL.] (Signed)

JNO. P. TEAPE,
Notary Public.

NOTE.—By "Operating Repairs" is meant the ordinary repairs made during the operating season, caused by breakage incident to operation, such as replacement of fans, fan casings, spiders, etc. Distributor belts, repairs and replacement of pumps, boiler tubes, belts, pulleys, etc.

258 Mr. Richardson: Do you know how much insurance companies figure off on buildings and machinery when they settle losses.

Mr. Johnson: That is objected to as not the best evidence and immaterial.

The Witness: A. No, because I have never had a total loss.

Mr. Mayer:

Q. Do I understand that you are going to furnish all the data necessary to support all of these exhibits previously entered.

Mr. Richardson: I don't know. I might make this statement: As you gentlemen know, this is Judge Ames's matter and he -as called to Mississippi and I think will be back tomorrow or Sunday. Now if the Commission will set some later date, I believe when this matter is explained to him he might possibly introduce them, but that in either event we will make an announcement Monday.

Commissioner Watson: We have continued this case from time to time to get more data and evidence and the evidence comes in here in a shape to try to sustain some former evidence that was put in that the Commission couldn't receive in total, and this was brought in here to-day as corroborative of some former evidence that was introduced. The Commission couldn't consider that evidence at all in the attitude it is in.

Mr. Richardson: Now, I don't know, of course I am not familiar with the practice of the Commission. I know this, that in any court it would be competent for a person to go on the stand 259 and testify to the cost, the depreciation and all those things independent of any statement because that is a fact about which he testifies as a witness. I don't know what the ruling of the Commission has been on those matters, but I know if this was a proceeding in a court, whether this statement itself would be admitted or not, the witness' oral testimony to the fact in that would be admitted and I imagine the Supreme Court would consider that.

Mr. Mayer: The position we take is that if the facts are available they had just as well be furnished.

Mr. Richardson: Of course these other matters are matters that could be brought out on cross-examination.

Mr. Mayer: You understand, you didn't have everybody there as a witness represented by these 63 exhibits and we wouldn't want to ask you to bring them here.

Mr. Johnson:

Q. Mr. Welch, you say you ginned 1800 and some bales last year. Now what day did you begin ginning?

A. The number of bales ginned—that includes all I ginned for the calendar year 1913.

Q. That is 1913-14.

A. No, sir, the calendar year 1913.

Q. What do you mean?

A. January 1, to December 31.

Q. Now you mean then at what time in the year.

A. Well when we speak of the cotton year for 1913 that was meant for that—the ginning of that particular cotton would be

when the cotton was picked from that year's crop. I Think it was the 5th day of last September.

260 Q. You don't figure by seasons of 1913-14.

A. I wish to make a correction on the number of bales ginned in 1913 calendar year. It was 2,007, but this statement is made up from Sept. 5th to December 31.

Q. This statement.

A. That statement there, and there was in this—No it wasn't either. That is for the calendar year.

Q. That is for the calendar year, 2,007 bales. That begins with January, 1931 and ends on December, 1913?

A. Yes, sir.

Q. Now what time did you begin ginning during the fall season of 1913?

A. Sept. 5th I believe.

Q. Now what portion of the time from Sept. 4th or 5th to the end of the year, or December 31st, did you gin?

A. I anticipate your question. 1,642 bales.

Q. From Sept. 5th to December 31st?

A. Yes, sir.

Q. That is, you ginned 1,642 bales during that time.

A. From Sept. 5 to December 31?

Q. Yes, sir.

A. Yes, sir, 1,642 bales.

Q. How many days did you gin during that period of time?

A. Do you mean by that question, how many days the gin actually run.

Q. Yes, sir, actually run.

A. I couldn't tell you that exactly. I can tell it to you approximately if you wish that answer.

Q. Yes.

261 A. I would say approximately 60 days.

Q. Approximately 60 days during that season?

A. Yes, sir.

Q. How many working days are there between the 5th of Sept. to the 31st day of December?

A. That is a matter of figures. I would have to have a calendar to tell you that.

Mr. Richardson: That is a matter of calculation.

Commissioner Watson: 26 working days to the month.

A. That is what we estimate ordinarily.

Mr. Johnson:

Q. That would be something over 100 working days.

A. 104 less two holidays, would be 102 days.

A. Now you worked 60 days out of the 102?

A. I say approximately that would be the actual number of days the gin run that we ginned cotton.

Q. Now then you had 42 days that you didn't run?

A. If that statement is absolutely correct that would be it.

Q. Now your men, during the forth days there did you pay your men for your work?

A. Oh, yes, except the latter part of December, I laid off a part of the crew.

Q. The latter part of December?

A. Yes, sir.

Q. How many?

A. I think it was four.

Q. Now your men were working by the month or by the day?

A. Part of them by the day and part by the month.

Q. They all got straight time during the whole of that 120 days.

262 A. While they were on duty.

Q. Except a portion of them during the last of December?

A. Yes, sir, I think so.

Q. Now you ginned on during January, 1914?

A. Yes, sir.

Q. Did you still keep this same crew?

A. No, I didn't have a full crew; that is, I didn't have a double crew all of the time. I have had a double crew up to January 17th, I think.

Q. Then what did you do?

A. Then I put off four men after that and kept them on during January and February.

Q. It is your policy then to lighten up with our labor as your work lightens up?

A. If possible, yes, sir.

Q. You don't keep any men standing around there idle, do you?

A. I don't want them to be idle if they have got work, but that is a matter beyond my control to a certain degree. We have days that it is raining and no cotton. If you lay the crew off they will not be there when you are ready to gin cotton, they have found positions elsewhere, consequently you are without a gin crew.

Q. It is your policy to always have sufficient work around the gin for the number of men that you are compelled to keep there?

A. Well I would like for it to be that way.

Q. Isn't it that way?

A. Why certainly not, if it have a full crew of men on and there is only a few bales of cotton comes in I couldn't keep them busy.

Q. I am ready to close if the Commission wants it.

263 Mr. Chambers: We are rather in an unfortunate condition,

Judge, and I want you to take that into consideration. We don't know anything about what has gone before. Mr. Ames was suddenly called away and we have just come here and done the best we could. Now we would like to have the matter held open until Mr. Ames gets back. It seems he has got some evidence that is not satisfactory and it may be that he will want to——

Commissioner Watson: Now if he had been here would that evidence have been different from what it is.

Mr. Johnson: This evidence is exactly in line with what he put in.

Commissioner Watson: It is made out on the original blanks that was sent out to all the other plants, isn't it.

Mr. Chambers: That is what you wanted.

Commissioner Watson: No, we don't care for anything as patented as that. We want the facts in the case, but we don't want patented facts.

Mr. Chambers: Then would you hold it open until Monday until Mr. Ames gets back here.

Commissioner Watson: I wouldn't like to put these people to additional expense in coming back here for that.

Mr. Chambers: Would it be necessary for them to come back Monday? That is, if you hold it open until Monday and Mr. Ames takes it up himself.

Commissioner Watson: We can't handle a case without evidence.

264 Mr. Richardson: The point is it may be that Judge Ames made arrangements to submit what the Commission wanted and he can make that announcement to you Monday.

Commissioner Watson: Now these patented statements are like all others that have been in here pretty much and I don't see wherein, if he had been here it would have been any different from what it is.

Mr. Johnson: I didn't understand there was any more evidence to be introduced—well I understood they could if they wanted to but these matters that the Commission now states they want were matters we urged in the beginning of the case.

Commissioner Watson: Gentlemen, this case is closed. If you want to re-open the case you can make a motion to that effect any time.

(Witness excused & case closed.)

265 The following is a full, complete and correct copy of all the evidence taken in the original case, which by agreement was considered as a part of the evidence upon this hearing:

266 A. E. MASCHO and L. C. G. CORLEY and Farmers, Plaintiffs,

vs.

CHANDLER COTTON OIL COMPANY, D. R. OWENS, and L. H. ROONEY, Defendants.

Hearing Held at Chandler, Okla., Oct. 25th, 1912, Before A. P. Watson, Corporation Commissioner, in the District Court-room, Lincoln County.

Plaintiffs appearing by their Attorneys, Johnson & Cordell and Defendants by Geo. B. Rittenhouse and Emery A. Foster. Whereupon both sides announce ready for said hearing, the following proceedings were had and done, to-wit:

Attorneys for Plaintiffs ask permission to amend said petition in one particular.

Permission granted by the Court.

Petition amended to show Cotton Buyers instead of Farmers.

267 A. E. MASCHO, being *girst* duly sworn to tell the truth, the whole truth and nothing but the truth, testifies as follows, to-wit:

Direct examination by W. L. Johnson:

Q. State your name to the stenographer?

A. A. E. Mascho.

Q. Where do you live?

A. Chandler, Okla.

Q. What's your business?

A. Well I run a dry goods store and buy some cotton.

Q. You buy cotton here in Chandler?

A. Yes sir.

Q. How long have you been buying cotton here?

A. Well five or six years.

Q. State whether or not you ever operated a cotton gin here in Chandler?

A. Yes I help- build and operate one.

Q. How long did you operate one?

A. Three or four years.

Q. Do you still operate it?

A. No, sold out.

Q. Who did you sell it to?

A. Chandler Cotton Oil Co. who owns that gin at the present time.

Q. You know whether or not they own that gin at the present time?

A. Yes sir.

Q. They de do they?

A. Yes sir.

Q. Is it in operation at the present time?

A. Not this year.

268 Q. Was it in operation last year?

A. Yes sir.

Q. Who bought cotton for them last year?

A. I bought cotton for them last year.

Q. For the Chandler Cotton Oil Co.

A. Yes sir.

Q. On what terms?

A. By the month.

Q. They paid you so much per month to buy for them?

A. Yes sir.

Q. Are you buying for them this year?

A. No for myself.

Q. Were you solicited to work for them this year?

A. Yes sir.

Q. On what terms?

A. About the same as last year, no price set.

Q. What have you observed relative to the market of Cotton in Chandler and the efforts of the Chandler Cotton Oil Company, if any, to manipulate the prices this year?

A. Well when they didn't hire me to work for them this year, didn't rent the gin to me, I thought I would buy for myself and I notice the prices of cotton gone up in this place higher than any other place in the County and when we buy a load and send it to the gin; of course, we expect the same treatment as the farmer, but we don't quite get it.

Q. In what respect have you been discriminated against?

Q. Well we had a team that we put there to get the seed, they wouldn't let that team go under the spout like the farmer, it makes some bother for the gin. They refused to let our own team go after our seed, then the farmer would have to catch his own seed and haul it to us.

269 Q. Who refused you that right?

A. All the gins refused, round bale and all.

Q. What other discriminations, if any, were used?

A. Well there is others that I know of, but only know as hearsay.

Q. Well tell what you was told, what you know?

A. I know they made them stand aside until they ginned out their own, at least a man that went there with cotton told me so.

Q. They wouldn't permit them to take their regular turn?

A. That's what they said.

Q. That was a man of whom you bought cotton of?

A. Mr. Corney bought the cotton, I buy for myself, but the cotton seed all went into Mr. Corley's pile.

Q. At any rate you understand this to be true relative to those farmers of whom you and Mr. Corley buy cotton from?

A. This particular cotton was bought by Mr. Corley.

Q. What particular cotton was that, do you know?

A. I know his first name, but can't really recall his last name.

Q. Is he present today?

A. I don't think he is, Mr. Corley said he wasn't here.

Q. Any other discriminations you know of, relative to the price of cotton and the selling?

A. They have raised the price of ginning this morning from \$3.50 to \$4.00 without giving any notice.

Q. How does that serve and effect the market?

A. It effects the market so we can't buy in the seed, it fixes it so that they make the money in ginning and if we buy in the seed it costs that much more, doesn't cost them any more to gin a (bale) today than it did yesterday, so far as I know.

Q. What do you know about raising the price of cotton in order that they get the seed.

270 A. They set \$17.00 as the price for cotton seed the other day, and we have been giving the same price. To set the cot-

ton seed they pay 10 cents per hundred more and 5 cents more in some instance, mostly 5 cents more if they left them and not take the seed away.

Q. You are not a dealer in seed?

A. Yes I buy seed.

Q. In what way does this effect your buying?

A. Well it makes me pay them a little extra to have them bring it up to my place and shovel them out.

Q. In what way does it effect this matter in driving under the shoot, they refusing you permission, how does that effect you?

A. In this way, the farmer doesn't like to go to any more trouble than necessary. If we have our team there to catch the seed, we get it that much easier, otherwise they let the seed go to the gin.

Q. So if you can't haul your own seed, the farmer rather than haul it for you, will turn it over to the gin.

A. In a good many cases.

Q. By your looking after it at the shoot it gives them the advantage of saving the hauling of that seed, the farmer?

A. Yes sir.

Q. And they won't permit you hauling your own seed?

A. They did anyway.

Q. What do you know about the matter of combination on the part of these gins with the Cotton Seed Oil Company, or otherwise?

A. Well I only know this, last year the Oil Mill Company kept tract of the number of bales every one ginned and if one gin had so many, keep them about even.

271 Q. The gins?

A. They had to keep their number about even, the oil mill found out how many -ou had each week.

Q. How do you know that to be true?

A. I have heard them say that they went around to the gins and knew how much each one had.

Q. When one begin- to get too much they would cut him down?

A. Mostly that way, sometimes break down something so that the others can catch up a few that way; if they get too high, stay off the street because it was too high.

Q. What do you know about fixing the prices each day or week, at intervals between the parties?

A. They all have the same price, hardly ever raise one another, except I or Mr. Corley.

Q. They raise you or Mr. Corley, but don't ever raise one another?

A. Sometimes they would.

Q. What effect has it had? Their actions had upon the market price of cotton and seed in the city of Chandler as to making the price it is?

A. The cotton itself has brought more every day than what I could sell it for.

Q. Well how about the seed?

A. We have been paying less here than they do at other places,

I don't know how they do now. I know that those oil men have been here trying to settle the fight as they call it.

Q. Tell us what ones?

A. Mr. Bellis from Cushing was here last Sunday, called on me at the store and wanted to know if it couldn't be settled,
272 wanted to know if I didn't want to make a piece of money.

Q. Who is Mr. Bellis?

A. He is an oil man from Cushing.

Q. He is manager?

A. Manager.

Q. President isn't he?

A. President and Manager.

Q. Who is the other man?

A. The other man here, his name was Holder from Stroud.

Q. Is he an officer of the mill over there?

A. I think he is President or Manager.

Q. What did you say they wanted you to do?

A. The Bellis man wanted us to settle the fight and make some money; didn't indicate how he wanted it done, but I told him no settlement as far I was concerned, we were here to buy cotton and wanted to get it right if we could, if not get it some other way.

Q. Do you know anything about—

Question withdrawn.

That's all.

Cross-examination by Emery A. Foster:

Q. You acquainted with Mr. Rooney here?

A. Yes sir.

Q. You said that last year they kept about even, that somebody supervised it and kept them about even?

A. They did for a while yes, Mr. Rooney quit before the season was over.

Q. When you say "they", do you mean Mr. Rooney?

A. I mean the oil mill man, he kept tract of how much each one had every week.

273 Q. I will ask you if your gin—

A. I didn't have any gin.

Q. Didn't you run the gin?

A. No bought cotton for Mr. Barksdale.

Q. The gin bought twice as much as the others?

A. They did after Mr. Rooney quit.

Q. You don't know yourself about—

A. Well I know we didn't gin as much as some of the others. He would tell me to go off and set down, was in the store the most of the time.

Q. Well have you coupled him with this complaint?

A. I was telling what happened last year, but think same thing happening this year.

Q. But you don't know?

A. No, I am not positive that he goes to—

Q. Who?

A. Mr. Barksdale, I am not sure that he goes every week or every day?

Q. Did you ever see him go to the gin every day?

A. I never seen him but he told me.

Q. Mr. Barksdale?

A. Yes, sir.

Q. You don't know what he went for?

A. No, only what I heard him to say to Mr. Rooney, that they had so much at the round bale, had so much at Owen's gin, so much at each gin.

Q. I will ask you if you didn't do the same thing?

A. No, I haven't any gin.

Q. Don't you keep tract of about how much they gin?

A. Yes, just know how many bales during the year.

274 Q. You know how many each one had?

A. I would only know from the number of bales I got.

Q. Anybody can find that out by going to the gin books of any gin?

A. Yes sir.

Q. It is a public record?

A. Yes sir. Find out how many they ginned, but this was for this purpose.

Q. It is a common knowledge almost to anybody that wants to inquire?

A. Twice a month they go around and inquire the number of bales of each gin.

Q. What was your idea of saying that they had a man last year to keep tract of how many bales was ginned?

A. The idea was if one gin got short the others quit ginning. Quit buying.

Q. When you were working for him did you do that?

A. I had nothing to do only buy cotton at the store.

Q. Whenever he got enough he quit?

A. He said — got too high for them.

Q. So you are complaining because he quit buying when it got too high?

A. No I am not.

Q. I will ask you as a matter of fact, if cotton isn't higher at Chandler now than it is anywhere else within 40 miles of here?

A. Not 40, probably 20 or 25.

Q. And you think it is too high?

A. I think it is too high in the bale, yes.

275 Q. And you don't want to buy at the price that others make it, by the reason of this fight?

A. I only say this, that if we quit buying, it would be cheaper.

Q. You know that?

A. I am positive of it.

Q. Well wouldn't you pay the same price you are paying now?

A. No, a good many days I buy more just because I have to if

I get any at all and sometimes I say just as soon lose a little, just to see what they would do.

Q. The fact that cotton is higher here in town than anywhere else would help a man in selling his cotton?

A. One doesn't usually make very much if he pays too much.

Q. Can't you quit?

A. Yes that's what I intend to do now if this \$4.00 goes through.

Q. They charged \$4.00 and have been in the County the last year or two. Some of them charged \$3.00 and some \$4.00?

A. I don't know anything about the \$4.00, haven't heard of any.

Q. They charge \$4.00 in Wellston, Davenport and Stroud, don't they?

A. I don't know.

Q. These men that came over here and told you about, those oil men that came over here and told you about, Mr. Holder from Stroud, he told you that throwing all the cotton to Chandler was a good thing?

A. He said he wasn't getting his share of the seed.

276 Q. And one of the men said all the cotton coming to Chandler, buying more than anyone in the community?

A. Yes sir.

Q. You say you kept or provided a team there to go to the gin and take the seed out?

A. We only go in after the ones that we bought.

Q. You don't pretend to go to the gin man and make any arrangements with him by which you can buy and get the seed before you get it?

A. No.

Q. You just claim a right to go in there and disturb them after your seed?

A. We buy the cotton and when we buy it, it belongs to us.

Q. And your competitors are the fellows that run the gin?

A. Yes the only competitors we got in town.

Q. Seed a pretty good price?

A. Yes, but not quite high enough yet.

Q. Where do you sell your seed?

A. In Kansas City.

Q. That's a competitor of this Territory?

A. It is the only one I believe; we found another man to buy from us.

Q. The seed is what you are after?

A. Yes, but we have to buy the cotton to get it.

That's all.

Cross-examination by Mr. Rittenhouse:

Q. The Chandler Cotton Oil Company never refused you the right to take cotton seed away from any gin?

A. No they haven't any gin.

Q. They Haven't any gin here?

A. No.

277 Q. Then when you said that all the gins refused you to take their seed, you didn't mean to include it?

A. No, because it hadn't started.

Q. The Chandler Cotton Oil Company never raised the price of ginning in this town?

A. No.

Q. You don't mean to include in that petition the Cotton Oil Company when you said all the gins raised the price of ginning?

A. We don't include the round bale, because they are broke down, but they would have been charging \$4.00.

Q. Would they?

A. I think so.

Q. You know that?

A. I know what a man said out here on the street.

Redirect examination by Mr. Johnson:

Q. What did he said out on the street?

A. Said broke down, didn't have any order today to put it up.

Q. Have you observed the amount of cotton coming into Chandler at the present time?

A. Yes more than what really belongs around Chandler.

Q. Pretty good string of cotton?

A. From 150 to 250 bales a day.

Q. You know about or whether or not the gins that are running are running to their full capacity?

A. They have more than they can do, throw it on the ground and gin at nights and this oil mill gin ought to be opened up.

278 Q. State whether or not the oil mill gin, whether or not any arrangements were made at the beginning of the year to run it?

A. Hired a man to run it.

Q. Paying that man now?

A. I think paying one of them.

Q. Is he working?

A. Yes I think around the oil mill, Mr. Corley's son, Marion.

Q. Does this round bale gin, who owns the round bale gin?

A. Anderson & Clayton, Oklahoma City.

Q. It's broke down?

A. Yes.

Q. What kind of gins are the others?

A. Square bale gins, however the round bale this year does custom ginning.

Q. Were supposed to do custom ginning?

A. Yes.

Q. As a matter of fact, do any of the farmers do any at the round bale gin?

A. Yes quite a bit lately, they have about 60 points difference in the ginning and a good many of the farmers take advantage of it.

Q. When they gin at this round bale gin do they haul their cotton off or sell it there?

A. Compelled to sell every day.

Q. On the ground?

A. Had to sell it at the gin there.

Q. When a man hauls in to the round bale gin, usually he has his cotton sold before he gins?

A. Yes sir.

Q. Never known to haul a bale away?

279 A. Sell it every day, if a man goes there with a load he gins it and sells it that day.

Q. What provision do you know of is made there, or who takes up that round bale cotton?

A. Anderson-Clayton man, I don't know.

Q. The cotton ginned at the round bale is practically, the matter of market is settled before they go there?

A. Yes sir.

Q. So that in Chandler, then the one gin being *idle*, there *is* two doing ginning.

A. Three, Owens has two, one at the North end and one at the South end.

Q. Mr. Owens runs two and Rooney one?

A. Yes sir.

Q. All the custom gin in Chandler are controlled by these two men?

A. Really three, if you count Anderson—Clayton man.

Q. That's the round bale gin?

A. Yes sir.

That all.

Recross-examination by Mr. Rittenhouse:

Q. You stated in your direct examination that Barksdale for the Oil Company inquired the amount of bales ginned by each gin once or twice a week?

A. Yes something like that.

Q. You was in the ginning business for several years?

A. Yes.

280 Q. The Oil Mill Company inquired of you once or twice a week during all the time how many bales you had ginned and how many that you anticipated you would gin for a week ahead?

A. Well sometimes he did and sometimes he didn't.

Q. I will ask you if that isn't the custom among the Oil Mill men to ascertain the amount of seed at the different gins and the amount they expect to get at each of the gins, isn't that a custom to ascertain how much they expect to get?

A. It might be.

Q. And you don't mean to say to this Court that these inquiries were made for the purpose of equally dividing the bales of cotton?

A. I believe it was.

Q. You won't say that you know it though?

A. Yes sir.

Q. Will you state the facts on which you base that?

A. When Barksdale would come in and tell me that he had been to the gins, that each one had so much, I knew that was that it was for?

Q. Did he ever tell you that's what it was for?

A. No, but that was exactly what it was for.

Q. It was.

A. Yes sir.

Q. I will ask you if when you run a gin, if you didn't if the Oil Mill didn't inquire of you how much your run was, how much you expected to be in in the next few days, in order to ascertain how many bagging and ties you needed?

A. I might have told him last year when I was getting a little short for ties.

281 Q. I will ask you if that wasn't one of the propositions he inquired about?

A. Only in the latter part of the year he asked that.

Q. He furnished you ginners with bagging and ties?

A. Yes sir.

Q. And they furnished every gin around here?

A. Most of them, some of them bought by the car load themselves.

Q. But those inquires you tell of which aroused your suspicions last year, had been going on for several years even when you were running a gin?

A. Yes sir.

Q. You know whether that is existing today?

A. I believe it is.

Q. Do you know of your own knowledge that it is?

A. No, whenever I heard him go to Mr. Rooney and say so, or Mr. Owen and say so, I believe that's the reason the gin is shut up.

Q. That's just your suspicion?

A. Yes sir.

Q. You have been in the cotton fight too here?

A. I have bought some cotton.

By Mr. Johnson:

Q. What difficulty, if any, did you experience in selling your cotton seed?

A. We went to hunt up a man to buy our seed and got a man here from Kansas City and he gave us prices on cotton seed, another man from Oklahoma City, we didn't sell him any, but Mr. Barksdale wanted to see the Kansas City man awful bad that day and did see him, told him he would ride to Bristow to be sure to see him.

Of course, I don't know what business he had with this buyer.

282 Q. Did you deal with him?

A. This way, if we got some cotton seed and nobody would give us more than his mill, we would sell to him.

Q. Did you sell to him?

A. Six or seven car loads.

Q. That was to the Oklahoma City man?

A. No, the Kansas City man.

Q. Have you sold any to anybody else?

A. No.

Q. You remember this gentleman's name that Mr. Barksdale rode on the train with?

A. No he represents that Mill at Kansas City.

Q. And you sold to him only on the condition that you couldn't get any more from somebody else?

A. Yes sir.

Q. Did you ever sell to anybody else?

A. No, they tried to buy of us, Holder.

Q. Who is Holder.

A. Oil Mill man at Stroud.

Q. State to the Commissioner what your idea is as to how extensive this combination is, from what knowledge——

A. I think it extends to the buying of cotton, I called a man at Oklahoma City the other day that I have sold 100 bales to at a time and he told me he didn't want to buy of us, he further asked if we had a gin and I told him no, independent buyers and he said he didn't care to make us a limit.

Q. Who was that?

A. That was, I can't say his name, I have got it on the phone book up here, maybe Mr. Corley can tell his name.

By Mr. Foster:

283 Q. Why didn't he buy your cotton?

A. Because we didn't have any gin.

Q. Did he tell you that?

A. In effect he did, said he didn't want to make us any price.

Q. As a matter of fact you didn't have any way to guarantee the weights.

A. We always pay our differences.

Q. Did he tell you that?

A. Didn't say anything about the weights.

Q. Just simply said he didn't want any cotton?

A. Didn't want to make any price to Independent buyers.

Q. Did he use that term?

A. He first asked us if we had a gin and we told him no, independent buyers, said he wouldn't make any price.

Q. He didn't know how long you had been in business?

A. He knew me, I had sold him before.

Q. Hasn't there been a buyer, a Mr. Reeves here buying your cotton?

A. Yes, he works for the oil mill.

Q. You don't make any contract to sell your cotton, but buy and sell where you please?

A. Yes, but mostly square bales.

Q. You don't ship to any certain parties, but just sell wherever you can.

A. Sell for the most we can get when we sell; Mr. Reeves seems to have the best price.

Q. You have no gin property, no mill, or hands to pay or anything like that?

A. No, get out and shovel the seed out of the wagons myself.

284 By Mr. Rittenhouse:

Q. This conversation you had with Barksdale when the Kansas City man was here, where was you when this co-versation took place?

A. I was at the store.

Q. Did you hear that conversation?

A. No.

Q. You don't know a thing about that?

A. I know what he said about it.

Q. But you didn't hear that conversation?

A. No, it was over the phone.

By Mr. Johnson:

Q. This gentleman you had the conversation with at Oklahoma City was Bath?

A. That's his name.

Q. That's the gentleman you had the conversation with about cotton?

A. Yes and he said he wouldn't buy of us, wouldn't make us any price.

By the Court:

Q. How many gins run in Chandler last year?

A. Five.

Q. How many running at this time. This season?

A. Five.

Q. How many running at this time, this season?

A. Four this season when they are all running, one broke down.

Q. How is the cotton crop from this section of the country compared with last year?

A. I think as much, possibly a little more.

285 Q. Would it take all of those gins running last season to keep up with the picking as fast as the farmers could haul it in?

A. Nearly so if any of them got home before night, but *but* now they stay until 10 o'clock, take less for their cotton, sell it at the gin for less than to us.

Q. From your observation and experience here you say it is necessary for this other gin to run to keep up with custom ginning?

A. I do.

Q. How is the cotton sold here, in the seed or do people gin it and sell in the bale?

A. Some in the seed and some in the bale before they go to the gin to have it ginned; I don't think quite half sell in the seed, in the neighborhood of half, maybe two thirds.

Q. You buy both ways, in the bale and seed?

A. Yes sir.

Q. Do you think it to the farmer's interest to sell in the seed or have it baled, which could he get the most?

A. It is to his interest to have it sold in the bale, there is cotton in this country now that if they sold in the seed at the price usually paid, they would lose from two to four dollars, other cotton not so good, possibly they get all it is worth sometimes.

Q. What's the average price paid for cotton seed here this year?

A. First started in at about \$14.00 I think.

Q. What's it being sold at now?

A. The gins pay \$18.00, only paid \$17.00 up to a few days ago.

286 Q. You know what cotton seed is sold at in other towns throughout the county?

A. Well, I only know as hearsay, Mr. Corley there can tell you about Bristow, paying about the same as we are here now.

Q. And how many cotton buyers are there here that buy cotton in the bale?

A. Only two.

Q. Who do they buy for?

A. Well I say two, I mean two besides the gins, the gins buy, we, I and Mr. Corley, buy separately.

Q. You two the only street buyers here?

A. Yes sir.

Q. And no one else here buys cotton except you two outside of the gins?

A. May have two or three buyers run in here, but we are the only regular buyers on the street every day.

Q. You get quotations every day from the market?

A. Yes, nearly every day, one or the other of us.

Q. Who do you sell your cotton to mostly?

A. I sold some to Mr. Reeves, he works for the Oil Mill, he had a higher price that night, these other men didn't seem to be in the market for some cause or another.

Q. Can you sell to the buyers at Oklahoma City?

A. I have been what little I had to sell, but this man don't like to buy from us, we are independent buyers, rather buy from the gins, I suppose they think they get more bales of cotton, I don't know what else.

287 Q. Do the gins here gin for anybody that bring cotton to them indiscriminately?

A. They always have.

Q. Do they do it now?

A. Yes.

Q. You said something about not getting your seed, when you send a bale of cotton to the gin to get it ginned, they take it right out of the wagon into the gin to they and gin it?

A. Yes sir.

Q. Then you drive around——

A. To what we call the farmers' bin.

Q. And catch your seed in the wagon?

A. Yes, they have a box that holds a wagon load, then the man drives around and gets his wagon in under to catch it, they wouldn't allow it to go to the hopper, they want to be all the trouble they can to him so he won't sell to us.

Q. I understand that you buy from the farmer and he delivers the cotton to the gin?

A. To be ginned off the wagon.

Q. Then he is through with it?

A. Yes sir.

Q. The seed that comes out of that cotton, you had another wagon go there to catch it.

A. Yes sir.

Q. And they wouldn't allow that wagon to go in?

A. They refuse us.

A. On what grounds?

A. Didn't want to be bothered with it.

288 Q. Did that wagon take up any more space than the farmer's wagon?

A. I think not.

Q. They stated why they didn't want that wagon to go under?

A. That was the statement, they didn't want to be bothered with it, one man accused the driver of soliciting seed, he had not authority, we told him not to.

Q. What became of your seed if you didn't get it?

A. The farmer had to go and get it and then haul it out to us.

Q. You did get your seed?

A. Some of it.

Q. You get it all?

A. Well all *that* we could.

Q. Because of that you was knocked out of the cotton and seed too?

A. We were knocked out of both, if we didn't get it, if a man went down and wouldn't go to the trouble, they got the seed and cotton both.

Q. What gin was that?

A. Round bale gin was the one and Mr. Owens another, I won't say positively that Rooney's did, because I don't know, we caught it there for a while, we quit ginning over there, I don't know what the reason was, I won't say, but those two did.

Q. You mean those two wouldn't allow them to go under?

A. Yes.

Q. How much more cotton is being brought to Chandler this season than last to be ginned?

A. I can't say positively.

289 Q. But it has been coming a pretty good distance you know on account of your paying a little higher price then and you think cotton enough here to justify running all of the gins in Chandler?

A. I do, they have to stay here until 10 o'clock at night, last night I unloaded cotton seed after 8 o'clock.

Q. And the gin closed down belongs to the Chandler Cotton Oil Company?

A. Yes.

Q. You know why they don't run that gin?

A. The only reason I know is just what we have been talking about, they want the seed from all the other gins don't run so as to get the seed.

Q. Have they got a good gin?

A. Best in town.

Q. Is it fixed up?

A. All fixed up and a man hired to run it.

Q. These gins in town all probably carry insurance?

A. I think so.

Q. You don't know of any good reason why that gin shouldn't run?

A. No, I would send cotton to be ginned there, because I think it is the best gin in town.

Mr. Johnson asks permission of the Court to have all farmers who had remained after dark to get their cotton ginned, who are present in the Court room to stand up.

Permission by the Court granted.

Mr. N. D. NUTTER after being duly sworn to tell the truth, 290 the whole truth and nothing but the truth, testifies as follows to-wit:

By the Court:

Q. You stayed here over night?

A. Yes sir.

Q. And you didn't get it ginned by the gin running in the day time?

A. No.

J. T. LIKELS being first duly sworn to tell the truth, the whole truth and nothing but the truth, testifies as follows, to-wit:

By the Court:

Q. Have you had to remain over night here in order to get your ginning done?

A. Didn't have to stay over night.

Q. Well into the night?

A. Yes, late when I got home.

Q. What time did you get in to unload?

A. I think about 6:35 in the evening.

Q. After sundown?

A. Yes.

F. L. GOTII being first duly sworn to tell the truth, the whole truth and nothing but the truth, testifies as follows, to-wit:

By the Court:

Q. Did you remain into the night in order to get your
291 ginning done?

A. I didn't have to stay to get my ginning done, but had to stay to get unloaded.

Q. At what time?

A. Well to about sundown, I had to stay all night on account of living so far away.

W. H. MCFARLAND being first duly sworn to tell the truth, the whole truth and nothing but the truth, testifies as follows, to-wit:

By the Court:

Q. Did you have to stay after sundown?

A. No, but I was here so late that it took me until 9 or 10 o'clock to get home.

Q. Do you think that you had to make any sacrifice in selling that cotton lower in price by having to stay so late in the evening?

A. I can't say.

Q. Did you sell in the seed?

A. Yes sir.

Q. Do you think you had to make any sacrifice in selling it in the seed in order to get home?

A. Well I didn't at that time, but I have been here at times that I have, because in the afternoon the market was better than the forenoon, get more for the cotton.

Q. How about waiting until sundown?

A. They didn't get any more.

292 Q. Did they have to sell for less?

A. I can't say about that.

G. W. CHAPPELLE being first duly sworn to tell the truth and nothing but the truth, testifies as follows, to-wit:

By the Court:

Q. Did you ever remain over until sun down to get your cotton unloaded?

A. No, but in order to get away early have sold in the seed and lost on it.

Q. And if you wanted to get it ginned you had to stay out late at night?

A. It would throw me after night getting home.

B. H. ALLENBAUGH being first duly sworn to tell the truth, the whole truth and nothing but the truth, testifies as follows, to-wit:

By the Court:

Q. Did you ever stay until about sun down to get your cotton on the market at any time?

A. Just about then, not quite sun down.

Q. Did you sell in the seed?

A. I sold to Mr. Corley in the seed and had it ginned for him and caught the seed.

Q. Did you think you had made any sacrifice in selling in the seed by waiting so long, or do you think you got the market price for it?

293 A. I think I got the market price from Mr. Corley.

GEO. DEATON being first duly sworn to tell the truth, the whole truth and nothing but the truth, testifies as follows, to-wit:

By the Court:

Q. Did you have to wait until late in the evening until after sun down?

A. About 7 o'clock, when I drove under the suction.

Q. Did you sell in the seed?

A. No in the lint, I had Mabine and didn't think I could afford to sell in the seed.

Q. Did you sell late or early in the evening?

A. I think I sold the cotton along about 3 o'clock in the afternoon, but didn't get under the suction until about seven.

Q. What do you think about the gins here, do you think that there is a demand here for all these gins to run in the city?

A. I think so, I think it an advantage to the farmers if we had a little more conveniences about getting unloaded.

Q. How far do you live from town?

A. 4 miles.

Q. You know anything about the public sentiment in this community in regard to this gin shutting down here?

A. No.

294 J. F. GILMORE after being duly sworn to tell the truth, the whole truth and nothing but the truth testifies as follows, to-wit:

Statement by Witness.

I have been a little late your Honor, left home late, I have ginned cotton as late as 7 o'clock down at the gin, I am four miles out and I have come or left home late in the evening, never been detained here.

Q. Would you had you gotten to the gin earlier?

A. Yes I probably would, never found nothing in my way.

Q. Then you wasn't inconvenienced any?

A. No I was late by coming late.

Q. You have no grievance then?

A. No, but I have been here and ginned cotton at 7 o'clock.

Q. You think there is a demand for this idle gin to be running here to meet with the demands of the community for ginning cotton?

A. No, I don't think so, I think the gins running are handling the trade.

Q. Keeping up with the business.

A. That's my opinion, I haven't seen anybody very badly inconvenienced, I have frequently been at the two gins on my way home and they were generally cleaned up about 6 o'clock, the farmers can go home if they want to, I haven't found any great rush of work, down at these gins in the west end of town, Rooney's and Owens, both got through with their work and the farmers gone as early as farmers are expected to get home.

Q. Are you interested in any of these gins?

A. No, only as to having my ginning done.

295 Q. You related to any of them?

A. No, it is a matter of justice.

Mr. Rittenhouse examines Mr. Nutter:

Q. What time of day did you get in to town from the country?

A. About noon.

Q. When did you sell your cotton?

A. That afternoon.

Q. At what time?

A. One or two o'clock.

Q. What time did you drive down to the gin?

A. Right away.

Q. Was you crowded out of your turn?

A. No.

Q. Just waited?

A. Yes sir.

Q. You say, that was how late?

A. I can't say, but I think about 7 o'clock.

Q. Whose gin was that?

A. Mr. Rooney's gin.

Q. How often did that happen to you?

A. Just the one time.

Q. You know as a matter of fact, that on account of that particular day, there was an extra good price for cotton, don't you?

A. No.

Q. And there was loads of cotton from up at Agra and Avery?

A. Lot of it there that day.

Q. That's 20 miles from here practically?

A. Yes sir.

296 Q. That isn't the usual condition of the Chandler market is it?

A. Well I don't know as I can say.

Q. Well this was the only time this night?

A. That was all.

Q. And you know as a matter of fact, that those loads that came 20 miles away passed at least half dozen gins on the way to get here.

A. I don't know.

Q. That was an unusual condition for that day?

A. That was a big day.

By the Court:

Q. How far you live from town?

A. 3 miles.

Q. You are in Chandler frequently every week.

A. Yes sir.

Q. Do you find more cotton being brought in this season than last?

A. I think so.

Q. You think there — a demand for this idle gin to be running?

A. Well I can't say, I don't know.

Q. If all the gins in Chandler were busy running last year practically the bulk of the time, you think that the amount of cotton being brought in here would require all to run again this year?

A. Well I don't know about that all the time, but occasionally.

Q. Have you been here any time this year when any of the gins were idle this year?

297 A. Here now?

Q. Yes sir.

A. Yes.

Q. Been idle this season?

A. The round bale gin has been broke down.

Q. I was speaking about when they could run.

A. I don't know.

Q. People need to be getting their cotton to the gins?

A. Yes sir.

Q. And if the other gin had been running, which is now standing idle, some of them would go there?

A. Yes sir.

By Mr. Johnson:

Q. As a matter of fact, they have a lot of cotton piled out on the ground?

A. Yes sir.

Q. Can you estimate how many bales out there?

A. No.

Q. The facts are they have had it piled up there for some time?

A. Yes sir.

Q. They can't get to take care of it?

A. No.

Q. The farmers couldn't get under the suction and had to throw it out by hand?

A. Yes.

By Mr. Rittenhouse:

Q. And that happens every year?

298 A. Yes sir.

Q. And that cotton is owned by the gin itself and ginned at its leisure time?

A. The cotton that has to be throwed out by hand.

Q. That belongs to the gin?

A. Yes sir.

Q. It is his personal property and gins it himself; buys it himself?

A. Done through him.

Q. But it is his though?

A. Yes.

Q. You was never compelled to throw yours out to get it ginned?

A. No.

Q. And none of the other men?

A. No.

Q. You think the cotton market here is so congested at this time that the other gin ought to be opened up.

A. I don't know, as far as I can tell is what I have seen.

Q. But you see that every year?

A. Yes sir.

Q. And every gin was in that condition that you saw?

A. Yes sir.

J. H. COOK being first duly sworn to tell the truth, the whole truth and nothing but the truth, testifies as follows, to-wit:

By the Court:

Q. Have you been compelled to stay late on account of not getting your cotton ginned.

299 A. I have been ginning here, have hauled 18 bales, only once was I detained.

Q. When was that?

A. Last Tuesday was the last one I ginned, I come up to Owen's gin about sundown and there was 6 or 8 wagons still there and over at Rooney's gin, that was crowded over there, don't know how many.

Q. Is that a usual thing here?

A. Been usual thing with me every time I come, I come seven miles been crowded all the time.

Q. How many you brought to town you say?

A. 18.

Q. And it has been that way each time?

A. Yes, Now last Tuesday I left home at noon, when I got in here it was crowded, the round bale broke down, they were all crowded, I know Rooney's and Owen's was.

Q. From your observation in bring- cotton to town here, you think there is a demand enough to justify this other gin to run?

A. Yes, I said so all the time.

Q. You sell your cotton in the seed or have it ginned?

A. I generally have it ginned and some time sell in the seed, mighty little though I sell in the seed.

Q. I- selling it that way you think you made any sacrifice?

A. I have made money by ginning from \$4.00 to \$6.00.

Q. You think that there is that much difference?

A. Yes on some bales.

Q. You find it to be an advantage to have your cotton ginned?

A. Yes sir.

300 Mr. Chappelle examined by Mr. Johnson:

Q. You are in the habit of hauling cotton regularly to Chandler?

A. Yes sir.

Q. State what has been your observation about cotton being piled out at the gin?

A. Well last week I think it was I was pass the North Gin—

By Mr. Rittenhouse:

Q. Whose gin is that?

A. I don't know, Mr. Owens runs it, I don't know who it belongs to. And the cotton was piled up there all around the seed house, couldn't get to the unloading suction, about 60 bales on the ground and the house was full and almost night. I brought a load this morning and was the first one there, only live 1½ miles, and so the price had raised but they didn't say anything about it until after I had ginned, when I went back to get my bale he says I forgot to tell you the price is \$4.00 for ginning and he said last night he ginned to dark on the last custom load, and he had five bales on the ground in wagons, looked like rain and he told the boys if it went to raining to throw some bagging over the cotton, but it didn't rain, if this other gin had been running, these fellows could went over there and unloaded.

By the Court:

Q. In your judgment is there a sufficient amount of cotton to justify this idle gin to run?

A. Yes sir.

By Mr. Foster:

301 Q. No cotton at Rooney's gin?

A. I don't know.

By Mr. Rittenhouse:

Q. You know the average amount of cotton coming to Chandler?

A. No.

Q. You know the capacity of the four gins now running?

A. No.

Q. You don't know as a matter of fact whether the capacity of these four gins is sufficient to take care of the cotton that comes to this town?

A. I notice they have it on the ground.

Q. That's there all the time?

A. Yes it is, sure.

Q. They didn't gin it ahead of yours?

A. No.

Q. You don't know the capacity of the gins and don't know the amount of cotton that comes to town?

A. No.

Q. But yet you say they ought to have the other gin running?

A. Yes, so that we could get in and away, the idea of keeping us here until dark.

Q. When did you bring your cotton to town the last time?

A. This morning. I started before daylight.

Q. When did you get it ginned?

A. This morning.

Q. When did you bring the other load, two days ago?

A. About 7:30.

Q. When did you get it ginned?

A. The same day.

302 Q. At what time?

A. 10 o'clock.

Q. You haven't no complaint?

A. Not that day because I got up and started about day light if I lived 10 miles, what time would I get back.

By the Court:

Q. When was the last cotton gin built in Chandler?

A. I can't tell you, I don't know when.

Q. Has the acreage in cotton increased in the last few years or decreased?

A. I don't know about that.

By Mr. Foster:

Q. You brought cotton here at five o'clock and got out at about seven?

Q. No never did come at that time, I have came in here—

Q. I mean to the gin?

A. I got there about four o'clock.

Q. You come in the morning go to the gin about 7 and get out about 10 and then come in the evening between 4 and 5 and get out about 7?

A. That one day.

Q. You did that?

A. I don't remember what time I got out.

Q. You got out from the gin before seven and came in at 4?

A. I don't remember about that, but the time I got back home was after dark.

303 Q. It don't take you any longer at night than in the day time?

A. No.

Q. You didn't have to wait that time?

A. Two loads ahead.

Q. You are a tenant for Mr. Corley here?

A. Yes, working on his place.

L. C. G. CORLEY being first duly sworn to tell the truth, the whole truth and nothing but the truth testifies as follows, to-wit:

Direct examination by W. L. Johnson:

- Q. You live here Mr. Corley?
 A. Yes in Chandler.
 Q. What's your business?
 A. Well buying cotton seed this fall.
 Q. How long you been in the cotton business?
 A. About 31 odd years.
 Q. How long you been in the business here in Chandler?
 A. 9 years except one.
 Q. Ever have any connection with the gin business here. Did you do any ginning business?

- A. Yes sir.
 Q. What experience if any you have had?
 A. Been here about 8 years, 7 years.
 Q. You buying cotton for yourself now?
 A. Yes sir.

- 304 Q. On your own account?
 A. Yes sir.

- Q. Who is buying in Chandler beside yourself?
 A. All the gins and Mr. Mascho.
 Q. Are there any independent buyers outside yourself and Mr. Macho?

- A. No.
 Q. Did you buy for yourself last year?
 A. No.
 Q. Who did you buy for?
 A. In Bristow for Mr. Barksdale, Chandler Cotton Oil Company.
 Q. He is manager?
 A. Yes sir.
 Q. Were you solicited to buy for him this year?

- A. Yes sir.
 Q. State to the Court what experience you have had in the matter of being able to dispose of your cotton and your seed this year here in Chandler since you have been buying independent?

A. There has been so much I don't know whether I could or not—I buy cotton and send it down to the gins and a number of times I have had to come back here at 9 o'clock and weigh wagons and seed on account of the gins refusing to let me put my wagons under there, have two wagons and teams and haul my own seed.

- Q. They refused you that privilege?
 A. Yes they refused, and of course, had to take my wagons out.
 Q. And what result has that had on the amount of cotton you have been able to buy?
 A. About half as much in the seed as I did before, most of the farmers wouldn't let me have it that had been on that account.
 305 Q. The difference between you and the gin men on the buying is the only difference in handling of the seed?
 A. Yes.

Q. When they refused you to take the seed then the farmer was compelled to load it in his own wagon and bring it to you?

A. Yes sir.

Q. How long had they been refusing you?

A. Two weeks.

Q. What other discriminations they make relative to the price of cotton on condition their keeping the seed?

A. They paid 10 cents more where they got the seed then where they didn't, lint cotton, maybe 50 cents a bale.

Q. How does that operate on you as a buyer?

A. They put seed \$1.00 more on the ton than what they were, so I had to put seed up a dollar.

Q. State whether or not the seed at the time was bringing the market price?

A. Do which.

Q. You are familiar with the market price?

A. Yes sir.

Q. Also of cotton?

A. Yes sir.

Q. State whether or not at this time when they raised the price of cotton on condition they keep the seed, state whether or not the seed was bringing market price at that time?

A. No not bringing what they ought to bring.

Q. How about cotton being up to the market price?

A. It was up to the market price.

Q. Were you buying all that you could afford to buy at that time?

A. Yes and they were too.

306 Q. Then as I understand it the buyers in raising the price of cotton they cut you out and at the same time they save themselves on value of the seed, because seed wasn't up to the market price?

A. Yes sir.

Q. What other discriminations they make against you as to buying seed?

A. They would buy it when they could talk them out of it, Mr. Barksdale went to the mill one evening tried to knock out 8 loads, didn't do it that evening, when they came back it was late and some just left them.

Q. How much seed you sell this year?

A. I have sold 6 cars.

Q. To whom did you sell.

A. I sold to Frank K. Keeney, Kansas City.

Q. Did you have any difficulty in selling anybody out side of Chandler Cotton Seed Oil Company?

A. Only one buyer offered me any price, wrote to several mills, reply was you got a mill in your town.

Q. You have those letters?

A. Yes I think I have them they are to that effect and too said freight so high couldn't ship them that far.

Q. Just stated that you had a mill in your town and wouldn't make any price?

A. Yes sir.

Q. You remember what mills those were?

— Two at Memphis, Tenn.

Q. Have you observed the amount of cotton being brought into Chandler on the market and being ginned?

A. Do I know the amount.

307 Q. You have observed the amount compared to last year?

A. I wasn't here last year, I don't know how much, getting some cotton for the reason getting a better price, if I make a living out of it, looks like the gin man might make a living as they did last year.

Q. You have had experience in ginning custom ginning?

A. Yes sir.

Q. State a reasonable fair price?

A. We used to run at \$2.75 per bale, \$3.50 though is a fair price for it.

Q. You think \$3.50 is a fair price at this time?

A. Yes sir.

Q. What have you observed relative to the capacity of these gins being able to take care of the cotton?

A. I know they haven't done it, men weigh their wagons at 8 and 9 o'clock, three came last night at 9 o'clock, been that way several nights.

Q. What have you observed about cotton being piled out on the ground?

A. I have seen it piled out there.

Q. About how much, can you estimate it?

A. I don't know about the round bale, looked like 40 bales at the North gin.

Q. What do you know about the operation of the gin owned by the Chandler Cotton Oil Company, this year as to what arrangements were made for its operation?

A. I know they made arrangements to run it.

Q. Who with?

A. My son.

308 Q. Is he running it?

A. No.

Q. Is your son still employed by them?

A. Yes sir.

Q. What's he doing?

A. I can't tell you.

Q. Does he work at the gin?

A. No. I seen one or two of the boys the other day said they were hired to run, still they didn't have any job.

Q. Have you any knowledge of your own, any agreement between the parties defendants here as to prices here on cotton or seed?

A. No, not this year.

Q. Have you any year?

A. Well I know there must have been an agreement from the prices they paid here.

Q. How do you know that?

A. I know what they paid at Bristow and know what they got for it here.

Q. Well what was it?

A. Well they paid from \$18.00 to \$22.00 at Bristow.

Q. What did they pay here?

A. \$14.00.

Q. \$14.00 at Chandler and \$18.00 at Bristow, and Bristow 40 miles away?

A. Yes sir.

Q. And you sold your seed at \$14.00 here and paid \$18.00 up there?

A. Yes, best I could get.

309 Q. Who was buying here last year if you know?

A. Well I guess just the gins all that I know of.

Q. Was Mr. Mascho buying independent?

A. No, for the Cotton Oil Company?

Cross-examination by Mr. Rittenhouse:

Q. You wasn't here last year?

A. No.

Q. You don't know whether any combination on here or not?

A. No.

Q. You swore in this complaint that the Oil Company and Rooney and D. R. Owens had entered into a combination and had a common understanding between the Cotton Seed Oil Company about seed, is that true?

A. Looks like it must be.

Q. You swore to that?

A. Yes sir.

Q. You know that to be a fact, what's the common understanding had between these parties?

A. It shows plain enough on its face to anybody the way they acted, done and the way they are doing.

Q. Do you know of any understanding they have, personally?

A. No.

Q. Its just suspicions?

A. Their efforts go to show in every respect.

Q. You state to the Court what are the facts that forms your suspicions?

A. It looks to me like Mr. Barksdale would start his gin, but as agreed, if they will gin the cotton and let him have the seed, wouldn't start the gin.

310 Q. Did he agree that if he didn't start his gin he was to get the seed?

A. I don't know.

Q. You are charging them with that fact, I want to know the facts upon which you base those charges?

A. I offered Mr. Rooney \$1.00 more than them for his seed and he wouldn't let me have them.

Q. What else you know of that indicate that these allegations of yours are true?

A. Well I can't bring to memory now, so many of them.

Q. So many things, what other facts now exist showing a combination of these parties a common understanding of these parties relative to this gin not to be operated and Mr. Barksdale to get all the seed from the other gins?

A. Well I know there must be really a combine some way, paying bigger price at Bristow than here for seed.

Q. You said a combination last year the reason was, because they paying bigger price at Bristow than here, now you think combine here, because it is the reversed?

A. Paying bigger price there than here.

Q. I will ask you if they ain't only paying \$16.00 at Bristow at this time for seed. Do you know what the market price of cotton seed is at Bristow today?

A. I know what it was a week ago.

Q. You know what it is today?

A. No.

Q. What was it a week ago?

A. \$19.50.

Q. And what was it here at that time?

A. \$17.00.

311 Q. How do you know that they are, that Barksdale is paying \$19.50 at Bristow?

A. A man told me what he got.

Q. Would you swear positively that he has paid \$19.00 per ton last week?

A. I would swear that a man told me.

Q. You don't know of your own knowledge?

A. No. A man told me that he paid him that much.

Q. Who was that man?

A. Joe Abraham.

Q. Said he had been paid, that Barksdale paid him?

A. Barksdale paid him.

Q. At \$19.00.

A. Yes.

Q. You say that Rooney refused you the right to go under the spout?

A. Rooney never did refuse me, his manager——

Q. You swear that he did?

A. The other two did, his manager told me she didn't want my wagons to go under there.

Q. You accuse Mr. Rooney jointly with Mr. Owen?

A. It was his manager, the girl; the same way at the round bale.

Q. You say you are in the cotton seed business too?

A. Yes sir.

Q. You say they think they run you out of the market because they pay so little for seed and so much for cotton?

A. Run me out.

Q. That's the reason you got out the complaint?

A. They haven't run me out.

Q. That the reason you can't compete with them?

312 A. They put it up so they can't make a profit.

Q. But they can make a profit?

A. They knocked me out of 50 cents per bale.

Q. Does it knowk you out of 50 cents?

A. Not exactly, they get that much more for ginning.

Q. You buy seed and can pay just as much as they can?

A. I don't know as I could.

Q. The market is the same for both of you?

A. I don't know what they can pay.

Q. If you are both in the cotton and seed business, then it don't matter to you whether they pay little for cotton or more for seed, you can do the same thing.

A. No, I have a limit to go by.

Q. Don't he have a limit too?

A. I say I have a limit.

Q. They have too?

A. I don't know about that.

Q. They can only get so much for their cotton on the market?

A. Yes.

Q. Who gives you your limit?

A. On what.

Q. What you was talking about?

A. I eas speaking about seed.

Q. Who gives your your limit?

A. The cotton Seed Oil Mill I send it to.

Q. Who are they?

A. Kansas City Mill.

Q. Who gives you your limit on cotton?

A. I don't get any limit until I get ready to sell.

313 Q. When you get ready to sell then you get your limit?

A. Yes sir.

Q. You said a reasonable compensation for ginning was \$3.50?

A. Yes sir.

Q. You know of any place they pay \$4.00 for ginning?

A. I have heard.

Q. Where are they paying \$4.00?

A. At Davenport.

Q. Are they paying it at Wellston?

A. I don't know.

Q. As a matter of fact they are not paying \$4.00?

A. Down at Midlothian they told me they gin for \$3.50.

Q. Who runs that gin?

A. I don't know.

Q. As a matter of fact Barksdale runs that?

A. I think so.

Q. Barksdale don't run any gins here?

A. No.

By the Court:

Q. When these gins were making the price for ginning cotton, they include baggin-s and ties?

A. Yes sir.

Q. You say that the gins were ginning cotton for \$3.50 right along and today they went to \$4.00?

A. Yes sir.

Q. They give any reason for that?

A. I haven't heard of any.

314 Q. Did any of the other gins in the county come up to \$4.00 that started for \$3.50?

A. I haven't heard of any.

Q. No advance in price, except these gins here?

A. That's all that I know of.

Q. You have been living in Chandler for 9 years?

A. Yes sir.

Q. When was the last gin built here in Chandler?

A. 4 or 5 years ago.

Q. Was there any more cotton last year than now, or less?

A. Well, I 'spect about the same, there was plenty of gins here when the last one was built, it didn't run long, it was torn down and moved out.

Q. Tore it down and moved it out?

A. Yes sir.

Q. Was that on account of there not being enough cotton here, or on account of financial conditions?

A. I think really this one standing still belongs to the same company, that one standing still.

Q. And they didn't run it?

A. No, this other one stood for two years, this last summer they moved it out and they haven't started this one here which belongs to the same company, other one moved out.

Q. Do all the gins sell their seed to the oil mill here?

A. I suppose so, we used to ship the seed when we run the gin standing still.

Q. Did you ever try to sell any cotton seed to the oil mill at Stroud?

A. No.

Q. You try to sell any at Oklahoma City?

A. Yes sir.

Q. Did they buy from you?

315 A. One mill.

Q. Will they buy from you now?

A. One I suppose they would, they sent a man here, I don't know whether to try to knock me out of business with the man I was doing business with.

Q. Never made you any offer?

A. No, because I told him I don't want to sell and sold to the Kansas City man, he stayed with me and I expected to stay with him, the day my Kansas City man was here, Mr. Barksdale passed us up

the street and told him he wanted to talk with him, we came on up to the hotel; we ate dinner, after dinner somebody called up over the phone, after he got through talking, don't know what it was Mr. Barksdale wanted, he wanted him to come down and talk with him and he said I don't want to talk with him, he told me he was going part way with him on the train, he went as far as Depew, what his business was I don't know.

Q. Does this mill pay as much for seed as you pay?

A. The same as now.

Q. Been paying the same all the time?

A. Yes sir. When I came in they went to paying \$14.00, I put it to \$15.00, then it went up to \$18.00.

Q. You followed it to \$18.00?

A. Yes sir.

Q. After the market opened and got off at \$15.00, who raised the price after that?

A. I raised the price until it got to \$16.00, when it got to \$16.00 then they put it to \$17.00.

Q. What are they worth now?

A. \$18.00.

316 Q. Who put them to \$18.00?

A. Well they put 10 cents more on the lint if they got the seed, and if they didn't they give 10 cents less, that was \$1.00 per ton.

Q. Can you make a profit and pay \$18.00?

A. Yes, when we get \$19.50 per ton, ship it to Kansas City.

Q. The Kansas City man pays you \$19.50 per ton f. o. b. Chandler?

A. Yes sir.

Q. And the mill here is paying \$18.00?

A. Yes sir.

Q. Is the cotton seed delivered to the mill?

A. Yes I don't know what they pay the farmers, guess they give them a royalty, they used to.

Q. What do gins get for their royalty?

A. Used to get \$2.00 per ton, don't know what they get now.

Q. You say that in proportion to the amount of cotton brought to Chandler, you think there is sufficient amount to justify this idle gin to run this season?

A. Yes, I have bought cotton and don't get some of the wagons weighed until 9 o'clock.

Q. You have practically been here observing the cotton market for 9 years?

A. Yes sir, except last year was at Bristow.

By Mr. Rittenhouse:

Q. You know whether that gin which is shut down made any money last year or not?

A. I don't know.

Q. I will ask you that as a matter of fact, if it didn't lose money the year it run?

A. I don't know about it.

317 Q. You say that this gin that was moved out belonged to the same Company?

A. Yes sir.

Q. I will ask you as a matter of fact if that wasn't built here in 1906?

A. I don't know.

Q. I will ask you if that wasn't built here when we had the largest crop this country was ever known to have?

A. I can't say as to that, don't remember what year it was built.

Q. You know the crop of 1906 was the largest crop ever had in this country?

A. Yes sir.

Q. And that was the year the farmers built this gin?

A. Yes sir.

Q. And from that time on we haven't had half the crop any year since?

A. No.

Q. That gin stood idle from that time to this?

A. Yes sir.

Q. When that Company built this gin, they didn't run half of the season?

A. Well they run, I don't know, how long.

Q. Just a short time?

A. I don't know how long.

Q. Had to shut down?

A. I don't know why they shut it down. I don't know their object.

Q. You know the farmers couldn't make a success?

A. I know they didn't do it.

318 Q. I will ask you as a matter of fact, that the farmers in this County didn't build about 7 gins over this County and everyone went broke?

A. Yes sir.

Q. It wasn't because they didn't have a crop?

A. No, because they didn't know anything about buying cotton.

Q. You run that gin for the farmers?

A. No, I run the Farmers & Merchants.

Q. And in order to get the ginning done they had to go down across the railroad and across the draw in order to get to the gin?

A. Yes, lots of cotton went there the year the farmers run it.

Q. You say you don't know any reason why this gin shouldn't open up at this time?

A. I don't see why it shouldn't.

Q. You know what the price of bagging and ties were the first of the season?

A. I do not.

Q. You know the price of bagging at the beginning of the season?

A. No.

Q. You know the price now?

A. No.

Q. I will ask you if as a matter of fact that the price has gone up somewhere from 25 to 50% during the beginning of this season?

A. That's a terrible per cent.

Q. I will ask you if as a matter of fact—

A. I don't know.

319 Q. You will not say that it hasn't?

A. No, for I do not know.

By Mr. Johnson:

Q. As a matter of fact this farmers' gin you spoke of was torn down, was just one of the gins the farmers was skinned out of by the Chandler Cotton Oil Company?

A. Yes, the Chandler Cotton Oil Company had money in it, some way they got it.

Q. This farmers' Gin Company organized as independent to do business in spite of the combination of the other gins?

A. Yes.

Q. They bought cotton as long as any of the gins?

A. Yes.

Q. And they came in competition with the Oil Company and other gins of Chandler?

A. Yes.

Q. And in your opinion they were run out by the competition?

A. Yes.

Q. Is it your opinion they were forced to quit on account of a lack of co-operation?

A. No I don't think so.

Q. What you think is the real reason of them being compelled to quit?

A. I think the Manager got pretty good haul and I think the Oil Mill Company got hold of them.

Q. In what way?

A. The manager pocketed a lot of money and left here.

320 By Mr. Rittenhouse:

Q. The Oil Company's Manager?

A. No the Gin Company, Gooch was manager.

By Mr. Johnson:

Q. Got up and left between two days?

A. Yes sir.

Q. The real cause of the failure was mis-appropriation of funds?

A. I know there was cotton piled on the ground, when it should have been running.

By Mr. Rittenhouse:

Q. How much did the man leave with?

A. I can't tell if he left with any.

Q. As a matter of fact he didn't have any to leave with?

A. I don't know.

Q. I will ask you if as a matter of fact that when they got through,

that the farmers' Company owed over \$50,000.00 all over this County for their plants?

A. Yes, I supposed they did.

Q. I will ask you if it isn't a fact that the people from whom they bought this machinery were never paid a cent that that put it in for?

A. I know he went away with a good suit of clothes on.

Q. I will ask you if it isn't a fact that they put the machinery in there, if they didn't have to foreclose on those gins themselves?

A. I don't know.

Q. I will ask you if it isn't a fact that the people that furnished the machinery bought the gins themselves?

A. I don't know.

321 Q. You say this company here crowded them out?

A. I said looked like it.

Q. I will ask you if the Munger Gin Company bought all these gins, if they didn't sell them at a loss of \$2,000.00 a piece?

A. I don't know how much they lost.

Q. What do you mean when you say the Chandler Cotton Oil Company crowded this gin out, how do you mean?

A. They had a hold on it.

Q. In what way?

A. They had loaned money on it.

Q. For what purpose?

A. I don't know anything about that.

Q. You mean to say the Oil Mill Company had loaned money on this gin here in Chandler?

Q. You spoke of the Farmers Gin.

Q. About the one torn down.

A. Yes Barksdale said they had money on it.

Q. How much of a mortgage did they have?

A. I don't know, never asked him, none of my business.

Q. That they had money on the gin is what you based your statement on is that he did squeeze them out?

A. It looks reasonable.

Q. Who started the foreclosure suit against the Company?

A. I don't know.

Q. I will ask you if there wasn't a Mechanic's lien against it for lumber?

A. I don't know.

322 D. R. OWENS being first duly sworn to tell the truth, the whole truth and nothing but the truth testifies as follows, to wit:—

Direct examination by W. L. Johnson:

Q. You are a resident of Chandler?

A. Yes sir.

Q. What's your business?

A. I am in the ginning business.

Q. You one of the defendants in this case?

A. Yes sir.

Q. You own some of the stock in the Chandler Cotton Oil Company?

A. No.

Q. You have owned some have you not?

A. In the beginning.

Q. Have you disposed of it?

A. Transferred.

Q. Where?

A. In the Continental Cotton Oil Company.

Q. Who is the Continental Oil Company?

A. Composed of 12 or 14.

Q. Does it include this Oil Company in the combination?

A. Yes sir.

Q. Where is its headquarters?

A. Paris, Texas.

Q. This is merely a branch of the Continental Oil Company?

A. Yes.

Q. And your stock is in the Continental?

A. Yes, and will say it is valuable.

323 By Mr. Rittenhouse:

Q. It's very valuable, worth less than 10 cents on the dollar?

A. Yes.

By Mr. Johnson:

Q. You operate a gin in Chandler?

A. Yes sir.

Q. Where do you sell the seed?

A. Chandler Cotton Oil Company.

Q. You sell any anywhere else?

A. I haven't lately.

Q. As a matter of fact you haven't for several years?

A. Been some five or six years.

Q. What you getting for your seed now?

A. \$18.00.

Q. How long you been getting \$18.00?

A. Very short time.

Q. What did you get before that time?

A. \$17.00.

Q. What did you start in with this season?

A. \$15.00.

Q. How much royalty you get on your cotton seed?

A. Hauling.

Q. What's the hauling worth?

A. About 40 cents.

Q. 40 cents what?

A. A ton.

Q. That all you get?

A. Yes sir.

Q. You get any other money in consideration for your seed other than what you named now?

324 A. In what way.

Q. Any way.

A. You mean as bonus.

Q. Yes. Now you have some reservation about it, then do you have any understanding whereby you get any sums for your seed either directly or indirectly other than the \$18.00 per ton?

A. If I sell a certain quantity of seed we can get more money out of it.

Q. What's a certain quantity?

A. Well I don't know as it is necessary to answer this.

By the Court: You must answer all questions asked.

A. That certain quantity is if we stay with the mill.

Q. If you stay with the mill what do you get for your seed?

A. According to how the market goes during the season.

Q. The market is now at \$18.00, what is it making you?

A. Probably making 50 cents per ton extra.

Q. Besides the hauling?

A. Yes sir.

Q. So that now you would be getting instead of \$18.00, you would be getting \$18.50 and 40 cents for hauling, making total of \$18.90, is that what you get now?

A. Not now, but it figures out that way at the end of the season on prevailing prices.

Q. You don't mean that you get that now?

A. No.

Q. They pay you \$18.00 now, if you go on to the end of the season they will pay you 50 cents or about?

A. Yes on an average scale.

325 Q. Well what's the scale you buy on?

A. If I was short or didn't furnish as much as I sold.

Q. Then under your agreement you can ship away.

A. Yes, if I seen fit.

Q. Now what would you lose if you were to ship away some of your seed?

A. Part of my commission.

Q. Part of your commission?

A. Yes sir.

Q. You have to sell all of your seed here in order to ger your 50 cents extra you spoke of?

A. Yes that's practically the deal.

Q. If you sell them all of them you get 50 cents rebate, is that the agreement?

A. Well it would figure out in about that way.

Q. Well tell the court how you figure it?

A. Well the mill wants the seed and if I sell them all they can afford to allow me a little more than if I shipped it away.

By the Court:

Q. They don't then pay you \$2.00 as some of the other mills do?

Q. What you pay for cotton in the seed?

A. 4 cents today for some and 4 cents yesterday.

Q. Do you buy first, second class, or do you classify?

A. We try to classify it.

Q. You pay 4 cents?

A. Yes Mebane Cotton.

Q. Cotton fair or low middling?

A. We don't have any low middling now, run about middling, everything about the same price.

Q. Regardless of how is is handled, whether it is picked clean or not?

326 A. We don't expect to keep a customer unless we pay them the same as the other fellow, you won't find many of these fellows complaining that got \$10.60 for their cotton.

Q. What will that class?

A. Suppose it is middling, \$10.65 been the prevailing price to-day?

Q. And this cotton pretty nearly all classed middling?

A. Yes.

Q. And you say you have no low middling?

A. No haven't had any such, we find enough strict middling to make up for it.

Q. And I believe you said the price of seed now as \$18.00?

A. Yes sir, \$18.00.

Q. And cotton in the lint, middling cotton was \$10.60 to '65?

A. Yes, a fellow sold his cotton last night for better than 10 $\frac{1}{2}$ %, he was lucky.

Q. You were ginning the cotton and wrap-ing the bales for \$3.50 up to last night?

A. Yes sir.

Q. Today it went to \$4.00.

A. Yes sir.

Q. Why?

A. Because the price of bagging and ties has advanced and we ought to had \$4.00 before this. Have used up all the ties and bagging I have, have got rid of that, and got some more from the oil mill and Narksdale said bagging going up, going to cost you lot more, from \$1.00 to \$1.10.

Q. What have you been paying for bagging?

A. 76 cents for the first car.

Q. What you paying now?

327 A. Paying from \$1.00 to \$1.10, he didn't make any definite price, been getting it from the mills the last few years, but you can't get a carload without Bill of Lading attached but don't like to stock up when the mill promises to let us have it for cost.

Q. When you first started out you thought you had laid in a year's supply?

A. No, but last year there wasn't no advance at the end of the season, it was the same as it started in. I didn't make any contract for anything and in the meantime prices have advanced on all jute bagging and burlap.

Q. Ties advance too?

A. I don't know about the ties, I haven't any quotations from the house at Galveston.

Q. They must have a trust on that bagging?

A. I am sure a first class trust on that. Last year you could buy these burlaps for corn chops for \$44.00 and \$45.00 per thousand from Bemis, now they quote from \$84.00 to \$85.00 same class.

Q. The price on bagging and ties has advanced about 25 or '6 cents this fall?

A. Yes.

Q. And what did you advance in ginning?

A. 50 cents this morning.

Q. You didn't keep up with the advance in bagging and ties?

A. No.

Q. All you fellows advance at the same time and all together?

Q. You fellows all in a trust too?

A. No not in any trust your Honor.

328 Q. You say it looks like bagging is in the trust?

A. It does.

Q. They advance the price all together?

A. Whether they control it or not whether shortage of crop, must be something like that.

Q. No shortage in cotton crop much?

A. I think so in this County, there is no shortage all over the country, you inquire at Davenport and other towns and you find a shortage.

Q. Don't you think in as much as you started out to gin cotton for \$3.50 per bale in the fall and your bagging advanced 25 or 30 cents and you had told the farmer that you had advanced, you think he would have kicked?

A. I don't know, I think they are much interested in having it stay back to \$3.00, we may have to pay \$1.25 for it.

Q. If they keep the trust going?

A. Yes.

Q. So you claim as remarked, that your advance is on account of bagging and ties going up.

A. That's the main reason and another is, we are paying more for labor than we ever have been and price of fuel was put up last year on us and the same thing prevails this year.

Q. You use coal?

A. Gas.

Q. What did you gin at last year?

A. \$3.50.

Q. Year before?

A. Same, been that price for 6 or 8 years.

32^o By Mr. Johnson:

Q What you paying for common labor?

A From \$3.00 down to the roust-a-bout at \$1.50.

Q \$1.50 for common labor?

A Yes sir.

Q \$3.00 for skilled labor?

A For my gin man.

Q And your engineer?

A \$2.50.

Q You pay \$1.50 for common labor?

A Yes all the other men get \$2.00 without some one unloading at the suction or throwing back in the cotton bin.

Q As a matter of fact isn't that practically the same price you paid 6 years ago?

A I never paid \$3.00 for a gin man until this season.

Q What's the highest you ever paid?

A Last year I had a man at the North gin for \$2.00 and at the South \$2.50 until late in the season then paid ".75 for a gin man.

Q The highest you paid was \$2.75 and now the highest \$3.00?

A That was at the end of the season.

Q How much your fuel advance?

A Well we used to get manufacturing rate on gas at 12½ cents per thousand feet, now we pay 25 domestic for the first two thousand and then 16 cents all over that.

By the Court:

Q How long that rate been in effect?

A I think last season first paid, I don't know whether at the beginning or not.

By Mr. Johnson:

330 Q. You mean when you run over a certain amount you get it for 11 cents?

A. No, we pay \$50.00 for first 200 thousand, 48.00 for the next 300 hat each month, then all burn over 500 thousand, is figured to us at 11 cents, on step rate.

Q. You don't mean you get any 11 cent price?

A. No, I don't know whether we get into that this month or not, didn't get any last month.

Q. This man Lunch at Wellston, is he running a gin for an oil company?

Q. Yes for the Chickasha Oil Company.

Q. An independent concern?

A. I don't know about that, I know he is manager for that gin, I know he sells his own cotton, he never told me definitely.

Q. Doesn't do any business for himself?

A. I don't think he does it all for himself, I know he is interested in the profits of the gin, I think he is on profit sharing basis.

Q. Are you familiar with the affairs of the Chandler Cotton Oil Company?

A. No I am not.

Q. Are you a member of the Board of Directors?

A. No, I haven't anything to do whatever with it.

Q. You don't know how far they go with their territory and how far they buy?

A. No I don't know nothing about it.

331 By the Court:

Q. Now Mr. Owen give me the make of the list of your gin crew, commencing now with the engineer, what you pay him a day?

A. \$2.50.

Q. Now the next man?

A. I pay the gin man \$3.00.

Q. Now the press man?

A. \$2.00.

Q. How many do you have?

A. Two of them.

By Mr. Rittenhouse:

Q. How many gin men?

A. One.

By the Court:

Q. You have a man to attend to the suction do you?

A. Yes sir.

Q. What do you pay him?

Q. \$2.25 at one place and \$2.00 at the other.

Q. You have men for that?

A. I am using two men on the outside at the south gin.

Q. You pay for common labor what?

A. \$1.50.

Q. You use two of them, one at the suction you pay one \$2.25 and the other what, \$1.50?

A. Yes sir.

Q. Night watch how much?

A. \$1.50.

Q. That's all the men you have around?

A. Yes sir.

332 Q. How many gin stands you running?

A. Five gin stands.

Q. How many bales of cotton come out a day?

A. About 30 bales in good condition, but don't know what it will be later, may drop down 50%, then we will be running about half the time.

Q. And be cussing the other half?

A. Yes, this gin business been in it for 18 years it is mighty nice, here in Chandler, I started in to ginning at \$2.00 per bale, get all the help you wanted at \$1.00 per day.

By Mr. Johnson:

Q. You run night and day?

A. At the North gin.

Q. Got more there than you can handle?

A. No haven't got the capacity, we had a big pile on the ground, but it isn't there now, we cleaned it up by running double time.

Q. You are running a full crew?

A. Yes full crews, but I was down there when I got notice of this citation here and only one wagon on the ground when I was there.

Q. Did you send word to these people not to send any more cotton down you wouldn't take care of it?

A. I don't know of any such order.

Q. Might have been sent from your gin without your knowledge?

A. If it was it wasn't to my knowledge and some of the farmers here who I hold as my friends, haven't anything against them, make it a point of coming in late for ginning, come in late, stand around waiting and get to the gin late.

333 Q. Are you working in the morning on yours?

A. Yes start on our own cotton before anything comes, the other night Mr. Waller phoned me and says if you will gin my load I will bring it in, it was 9 o'clock and it was late when he got home, it was moonlight, the other day ginned 5 loads from Cushing, they might have been all day coming.

By the Court:

Q. You say there was but one load when you left this evening?

A. Two loads when I left there, but one when I went down.

Q. At the same time yesterday how many was there?

A. Yesterday there was, we got through about dark, but some of these came late.

Q. You think the raising of the price of ginning kept them from coming to day?

A. It is here standing on the street, some parties been telling the people out by the poor farm not to sell, they charge you \$4.00 for ginning, one man at the South East corner of town told me about that, he said you put ginning up to \$4.00 said a man out there on the road told him.

Q. What does your gas cost you per day to operate your gin here?

A. Well that gas will run, we are working now on 16 cent gas up toward the last of the month won't cost as much as when all 25 cents, it will cost in the neighborhood of \$8.00 per day, we will burn about 50,000 feet, if we burn 50,000 at 25 cents use \$12.00 worth, on 11 cents gas, 50,000 would run about \$5.50 per month.

334 Q. You say you getting a reduction in gas this month over last month by having more cotton to gin?

A. Yes I think by ginning more cotton we will get cheaper gas.

Q. Don't you think in view of the advance of bagging that you can afford to gin cotton at \$3.50?

A. Yes, I could afford it and make something, but what would something amount to, we have kept this up when other towns have been charging \$4.00.

Q. Was that the reason because the other towns around were ginning at that price?

A. No.

Q. Don't you think you have been drawing cotton from their territory here in consequence of your ginning at \$3.50?

A. Not all together, the reason been the price.

Q. Well take those two into consideration?

A. Well I don't know.

Q. Really Mr. Owen take into consideration the price of cotton that is bringing cotton from away out all around, the rates you are getting on gas over last month, that you could afford to gin for \$3.50 per bale and make some money?

A. Yes I will make a little money, but what's my risk, look at my insurance, look at the responsibility resting on me. Here I had a man crippled the other day, I don't know how I will get out of that, he may bring suit for \$10,000.00.

Q. You think a jury in this county would give it to him?

A. Quite a crowd kicking on high price of ginning.

Q. Taking that into consideration don't you think you better edge in some?

A. Well it might be, but next month we may have some storms.

335 Q. This cotton has got to come?

A. It will come as long as we pay more than other towns.

Q. In your paying the price that you are here that will draw cotton here, give you more business, keep your gin running from early morn until late at night, your gas rate lower, don't you think it will be to your advantage to put the price to \$3.50?

A. I can't say to that.

Q. Don't you think it would be to your interest to get all the cotton from way out there?

A. Well I don't know.

Q. Have you laborers there you have to pay them, you hire them by the day?

A. For that very reason, I really would have something to pay them with, I am making a little money now, after while they will take it away from me, if we bale 20 bales a day and have to keep a full crew on, where are we going to come out on profit, then burning gas all the time, bagging, ties going up to \$1.25, why haven't they raised a fuss about these other points?

Q. Well from what they say bring cotton from those points?

A. Not because they charge them \$4.00, they charged that last year and we charged \$3.50, they didn't bring it here for that reason.

Court adjourned until 7:30 P. M.

Court Reconvened at 7:30 P. M.

D. R. OWENS on stand.

By Mr. Johnson:

336 Q. I don't think you stated the exact terms on which you agreed with the Chandler Cotton Oil Company relative to the amount, total amount rebate you get at the end of the season, I would like to have you state the total figures this season?

By the Court: I wouldn't consider that a rebate, just an earning.

Q. Anyway in consideration of the seed you testified that you got so much in return at the end of the season, what are the total figures you get at the end of the season?

A. Amount to about \$1.00 per ton over regular price.

Q. Well now do you know exactly?

A. Yes sir.

Q. Well is it \$1.00?

A. Yes, that's what it is.

Q. Is that in addition to your hauling it down there?

A. No.

Q. That includes your hauling?

A. Yes, I do the hauling with my own teams.

Q. So at the end of the season you simply go over the books and figure out the total amount you give them during the year?

A. Yes sir.

Q. And you get \$1.00?

A. Yes.

Q. You get this dollar upon some condition don't you, is there any condition, no difference whether you give them all of it or not?

A. I wouldn't get that on what I didn't deliver.

337 Q. Suppose you delivered during the season some seed to the Chandler Cotton Oil Mill Company and some over at Kansas City and some at Oklahoma City, would you then get your dollar?

A. This dollar is on what deliver here.

Q. Would you figure it the same, supposing you got the same price as you would if you delivered it all to the mill here?

A. Would I get the same price if I delivered it all here?

Q. Yes.

A. If I sold any away from here it would depend on what I got. If I got a better price away, I would have to take the advance.

Q. Getting money out of all of these?

A. No on these down here.

Q. What you taking your chances on?

A. On getting higher price from the outside.

Q. You don't mean to say you have been taking any chances?

A. You can't sell your first seed to any advantage by selling away from home, if the mill here takes your di-ty seed they are entitled to get it all, if they take the bad seed they are entitled to the good during the best part of the season. The mill here takes seed from me that would be 30 or 40% dirt, such as that I can't ship away at all. I get the regular price but get docked on it.

Q. That's the reason you can outbid these fellows on seed?

338 A. I can pay \$20.00 for seed, the mill has nothing to do with what I pay for seed.

Q. What you pay for cotton today in the lint?

A. About 60 to 65.

Q. What did you pay yesterday?

A. Practically the same.

Q. You sold some cotton last night?

A. Yes sir.

Q. What did you get?

A. $5\frac{1}{2}$ basis.

Q. What does that figure in figures?

A. \$10.62 $\frac{1}{2}$.

Q. You bought that cotton for \$10.60 and sold for 62?

A. I bought more at 65 than 60.

Q. You lost some then?

A. It takes 2 points to put it on the platform and I guarantee the weights to hold out.

Q. You lost on what you bought yesterday?

A. You might call it a loss if you want to, that's what we sold it for. You can figure the difference.

Q. You bought some as high as 65 and sold it for 62 $\frac{1}{2}$?

A. Yes sir.

Q. And you had to bear the expense of putting it on the platform?

A. Always the case, you have got to guarantee the weights to hold out, 10 cents a bale to put it on the platform, practically two points. We haven't done that not only yesterday, but every day that we marketed. That's the reason this cotton coming from Cushing and other places, you see what there is in it for the fellow operating the scrap here on seed, some parties fighting home institution and want to ship the seed out of town.

Q. As a matter of fact you have an understanding with the other gins as to prices you pay?

A. No.

Q. No understanding whatever?

339 A. Don't look much like it when the buyers on the road and bid for it and it bid for it, they buy it off my end and I off of theirs.

Q. Don't you ordinarily call up the other buyers and ask them what they going to pay for cotton today?

A. Not very often.

Q. Well how often?

A. I ain't likely to call up Mascho and Corley.

Q. Well did you call up anybody?

A. No.

Q. No others at all?

A. No.

Q. Don't the Chandler Cotton Oil Company sometimes have something to say about the amount you pay for cotton?

A. They like to have us pay more to draw in cotton here demanding stronger fight for the seed.

Q. Did you ever talk with Rooney about what you *pay* for cotton?

A. No, I don't know, I pay what I think I can get out on.

Q. You are not in the habit of paying \$10.65 for cotton and selling for \$10.62 ordinarily?

A. I don't aim to do that.

Q. How did it happen that you got so far ahead of your limits this time?

A. Well a fellow is anxious for the business, if I don't buy it others do.

Q. Anybody else paying that?

A. Yes I think Mr. Corley probably more than that. And Mascho.

Q. Do you know what they paid?

340 A. Only hearsay, seen some of their tickets.

Q. How much margin do you ordinarily figure you ought to have on cotton.

A. 10 points, makes 50 cents on a bale.

Q. You figure from that to 10 to 20 points ordinarily.

A. I never figure 20 points, that's too much, I believe — living and letting live.

Q. How long have you been buying at a loss and selling that way so that you were losing?

A. Well this thing been going on you know among the buyers, cotton been coming here robbing these other towns, you can figure out for yourself what brought the cotton here, only way we can answer that.

Q. As a matter of fact you wouldn't buy it that way if it hadn't been for the other men in town?

A. We bought it that way.

Q. I am asking you——

A. The Judge is after facts here, isn't it a fact that we have paid all that it is worth here.

Q. You have this advantage then over the independent buyers then in this Mr. Owen, that you can get as high limits on the sale of cotton as they can and you get your rebate back on your seed; you have that advantage all the time?

A. Well I will answer that question this way, the fellow operating a gin there is about \$1.00 profit to the bale and that comes in the ginning the profit goes with it and if we see fit to pay more than we get out of it, that way we probably got 20 points to work on, when we pay more than that, we don't get full price for the ginning, when we pay what we can sell the cotton for, that gives the gin the advantage.

341 Q. You don't get any advantage on the seed when you getting \$4.00 for the ginning, this \$4.00 pays you well for your ginning?

A. Yes.

Q. You have got a good margin on that, you have a sufficient amount at \$4.00, over and above the cost of labor, fuel left in that, if you don't buy a bit of cotton?

A. Yes.

Q. In fact you can make a good profit?

A. Yes sir.

Q. As a matter of fact you could make a profit at \$3.50?

A. No.

Q. You aim to run your gin in such a manner as to make a profit?

A. Yes, I aim to run my gin at a profit.

Q. You aim to make custom ginning pay for itself?

A. Yes sir.

Q. Outside of your own ginning of your own cotton, you aim to make your custom ginning pay for that?

A. Yes sir.

Q. It does that doesn't it?

A. Well it has been practically, no profits in it probably pay expenses of it.

Q. You ordered your man to refrain from going up to the north end to buy cotton, you ordered your buyers not to?

A. North end of town.

Q. Yes sir.

A. I told my men to buy around the post office corner.

Q. From that down south?

A. Yes sir.

342 Q. What was the purpose of that?

A. Well I don't know any definite purpose in that, I thought better place for market here down to south end.

Q. You would just as soon buy up here as down there?

A. Yes and just as soon buy down here as up there.

Q. Well why don't you let them go where the cotton is and buy it where it is?

A. As much comes down here now as up there.

Q. Well as a matter of fact while you were holding your buyers at the South end, there was a lot up there waiting for buyers?

A. There was buyers up there.

Q. Who.

A. Corley and Mascho.

Q. You was leaving that to them?

A. They could buy it all if they seen fit.

Q. Why didn't you see fit to instruct your buyers to do that?

A. I don't like to discriminate against the south end of town.

Q. You prefer the south end?

A. Rather, my gin in the south end.

Q. Your gin been running all day today?

A. Yes sir.

Q. What's the price for ginning today?

A. \$4.00.

Q. Charge all \$4.00?

A. Yes that was my instructions to the boys.

Q. As a matter of fact you know whether or not they did?

A. Haven't been to the north gin since morning.

Q. As a matter of fact, hasn't he charged some \$3.50?

A. Not to my knowledge, he had no instructions to charge \$3.50 instructions to charge \$4.00, and more if the bale went over a certain number of pounds.

343 By Mr. Rittenhouse:

Q. They allege in this petition as sworn to, that you entered into a combine and common understanding with the Chandler Cotton Oil Company and Rooney that said gin owned by the Oil Company shall not operate their ginning business, so as to drive the business

to you and Rooney, have you any such an agreement with the Chandler Cotton Oil Company?

A. No.

Q. Have you any kind of an agreement pertaining to that matter?

A. No sir.

By Mr. Johnson:

Q. You had some kind of an understanding with them, didn't they say to you that they turn you all their ginning if you gave them the seed?

A. No Mr. Barksdale stated to me that they lost money the last two or three years in operating it.

Q. Well you had an understanding that you would deliver them all your seed?

A. Well I have been delivering it to them.

By the Court: Answer the question yes or no.

A. No.

Q. Did you have any understanding with them not in the form of an agreement but merely a conversation in which you discussed the matter as to whether or not they run that gin?

A. No.

Q. Has it ever been talked about between you and Mr. Barksdale or anybody.

344 A. He told me that he had lost money in operating it.

Q. When he tell you that?

A. Beginning of the season.

Q. This season?

A. Yes, since that.

Q. Well what did the conversation come up about, what were you talking about?

A. He said he didn't want to open that gin, he didn't make any money and if the balance of the gins could handle the cotton, he wouldn't open up.

Q. Had you asked him about the gin and whether he was going to run or not?

A. No.

Q. He just volunteered the information?

A. We were talking about the matter that way.

Q. Well where were you when you had that conversation?

A. At the office of the Chandler Cotton Oil Company, been there quite often.

Q. What you been talking about?

A. I can't say exactly, talked about a good many things, loaf about there a good deal. I will say further that I haven't sold any seed away for five or six years.

Q. As a matter of fact, you know that Mr. Barksdale had his labor already employed to run that gin?

A. No, I don't know as he has got his labor employed to run it.

Q. How do you account for the fact that these gins all raised their price to \$4.00 this morning at one time?

A. Well I understood Mr. Rooney charged \$4.00 for ginning a

big bale, I just figured I ought to have that for ginning ordinary size bales and \$4.50 for 600# bale.

345 Q. You discussed the matter of raising with Mr. Rooney?

A. No.

Q. Haven't talked with him about it?

A. No.

Q. No understanding with you that you both raise to \$4.00?

A. No not to raise definitely, \$4.50 for a 600# bale and above that 25 cents raise.

Q. You had an understanding to that effect?

A. No that has been the custom.

Q. Since when has that been the custom?

A. Last year, where you went over 600# charge 75 cents.

Q. When did you have this understanding that you was to raise from \$3.50 to \$4.00?

A. Didn't have any understanding about it, I put my price up this morning.

Q. And he put his up this morning?

A. Yes.

Q. Just happened that way?

A. Happened that way.

Q. You didn't discuss it with him the question of raising, you wasn't getting enough for your ginning, never talked about the price that you wasn't getting enough?

A. Never talked about the price, talked about bagging and ties.

Q. When was that?

A. Several days ago.

Q. Just talked about the price of bagging and ties?

A. Yes.

Q. On an increase?

A. That would increase the cost of ginning in proportion, raise of cost in bagging and ties.

346 Q. You say to Mr. Rooney, Now I think that's going to increase the cost of ginning and will have to put the price up?

A. I might have said we ought to have \$4.00.

Q. As a matter of fact, isn't that exactly what you said?

A. I didn't tell him that I was going to charge that.

Q. But you told him; the facts are you met him and says now we ought to have \$4.00 for our ginning?

A. I talked about what I was going to have to pay for bagging and ties and supposed he was in the same fix.

A. He said I thought so to, or words to that effect, he said he thought ought to have \$4.00 too?

A. He said giving away that much profit.

Q. You said you thought and he said he ought to have \$4.00, isn't that it?

A. I didn't say he said he ought to have \$4.00, said taking away that much profit.

Q. He said throwing away that much profits?

A. Well, no definite agreement about it.

By the Court:

Q. There was an understanding?

A. Seems like that way.

By Mr. Johnson:

Q. Now as a matter of fact your understanding with the Chandler Cotton Oil Mill Company was similar with this understanding?

A. No.

347 Q. You never had any positive agreement with them?

A. No.

Q. And you never had any agreement now as to what price you should get back on the seed?

A. Only this premium I spoke of.

Q. Is that what you call it?

A. Premium, commission, either way.

Q. You had no understanding with him about not running this gin?

A. None.

Q. Please answer my question as to whether or not you had any understanding anyway or a co-versation with him?

A. As I stated a while ago he told me they been losing for the last two or three seasons.

Q. As a matter of fact, that was the understanding you had with him, like you had with Mr. Rooney?

A. No, I didn't suggest to him not to run that gin.

Q. But you did talk it over with him?

A. Nothing only the suggestion he made about it.

Q. He suggested that he had run that gin at a loss, had been running at a loss, then what you say?

A. Well it wasn't my place to make any suggestions.

By the Court: Answer the question.

A. No, I didn't make any at all.

By Mr. Johnson:

Q. You didn't want them to run it?

A. It was to my interest not to run it, less gins running.

Q. As a matter of fact you was discussing the question of your profits at that time?

348 A. I had talked that matter over; as a matter of fact last year there were 5 gins running here and $\frac{1}{2}$ of the day cotton house empty, this crop didn't promise as much as last year's, he told me he run at a loss, I didn't suggest that they shut it up, no understanding to that effect.

Q. There isn't any good reason why that gin should run at a loss any more than yours?

A. You put it out under hired help and you will see where you come out?

Q. Yours is hired help?

A. You can call it that way if you want to, me and my boy draw no wages, there is no wages that I didn't state there.

Q. You don't operate the machinery do you?

- A. No.
 Q. You buy cotton don't you?
 A. I oversee the buying.
 Q. You have two gins here?
 A. Yes sir.
 Q. You oversee the two gins like Barksdale does the Oil Mill?
 A. Yes sir.
 Q. As a matter of fact, each of your employees, the same labor runs the two gins?
 A. Employ the same labor.
 Q. He employed the same kind as you do in your gin?
 A. Yes I suppose so.
 Q. He could run just as cheap as you could?
 A. I don't see why he can't.
 Q. I want to know what brought on the conversation in which he stated to you he had been running at a loss?
 A. He told me that last year.
 349 Q. State what you talked about?
 A. He told me he had been making no money, hired machinist, weigh man and all other help, at my place down there don't figure any wages for myself or Carl, which would be the highest price labor you have about a gin.
 Q. That's what was said the-, you talked it over he said he wouldn't run because it lost?
 A. No he said he could run it, could run it at a loss if he wanted to.
 Q. But he said, didn't I understand you to say that he wouldn't run it because it run at a loss?
 A. No, he said he had run at a loss the last two or three seasons.
 Q. As a matter of fact you had an understanding about the seed with the Chandler Cotton Seed Oil Company, this year just in the same way as you had an understanding with Mr. Rooney?

Attorney for Defendant Objects.

Question withdrawn.

By the Court:

- Q. How many bales of cotton have you ginned up to this time?
 A. 900 bales at the south gin and 650 at the north, I think somewhere in that neighborhood.
 Q. How many bales you expect to run this season at the south?
 A. Probably as many more as I have got.
 Q. You think the season half in?
 A. I think over half.
 Q. And you expect to gin about the same number at the north gin?
 A. About the same.

350 By Mr. Johnson:

- Q. In buying cotton at your gin you pay more for lint cotton where they leave the seed than where they don't?
 A. I have been doing that to a certain extent.
 Q. Been paying 10 cents more for it haven't you?

A. Quite a good deal of the time?

Q. Why can you do that?

A. Fight I suppose.

Q. That's the way you have of crushing out the independent buyers?

A. No, just matter of fight, they term it a fight on, first witness said fight on here.

Q. That's the way you have of fighting on it?

A. Yes sir.

Q. What advantage that give you over them in the market?

A. It really keeps them from getting seed.

Q. Keeps them out of the seed?

A. Yes sir.

Q. You make your profit on the seed even if you have to buy cotton at a loss, you can make your profit and keep them out of the market?

A. If we pay 10 cents more on what we buy, if we didn't get the seed, the dollar they allow, we have made nothing and lost nothing.

By Mr. Rittenhouse:

Q. You heard the testimony of Mr. Corley in which he said he got \$19.50 for his seed?

A. Yes sir.

Q. You don't get that much for your seed?

A. No.

351 H. BARKSDALE being first duly sworn to tell the truth, the whole truth and nothing but the truth testifies as follows, to-wit:

Direct examination by Mr. Johnson:

Q. You are Superintendent of the Chandler Cotton Oil Company?

A. Yes sir.

Q. How long have you been Superintendent of the Oil Mill?

A. Three years here.

Q. How long you run the gin up here, the Farmers and Merchants gin?

A. Two years I think.

Q. Whose gin is that?

A. Chandler Cotton Oil Company.

Q. Who bought that gin, you or somebody else?

A. The Chandler Cotton Oil Company.

Q. I mean you attended to the buying of this personally?

A. Yes.

Q. You bought another gin here too?

A. That was bought before I came.

Q. Anyway the Chandler Cotton Oil Company bought the two gins recently in the last two or three years?

A. This other gin was bought about 4 years ago, here before I came.

Q. All your dealings are as the Superintendent of the Oil Mill?

A. Well I am manager, buy seed, etc.

Q. What, where do you get most of your seed?

A. Anywhere I can buy them, principally in Chandler.

Q. Buy any outside of Chandler?

A. Yes.

Q. Where do you buy?

352 Q. Well anywhere I can, most of the seed I get is on the Frisco, cheaper freight rate on the Frisco.

Q. You buy any off of the Frisco?

A. We buy some on the Fort Smith, but I get them hauled over land.

Q. How far east you buy on the Frisco?

A. Well just about as far as *as* \$1.50 rate will give me.

By the Court: Answer the question.

A. Bristow.

Q. You get some at Bristow?

A. Yes.

Q. You buy any at Stroud?

A. No.

Q. Have you tried to buy any there?

A. I tried to last year, haven't tried this year.

Q. Why didn't you try this year?

A. I know I can't buy them over there, those fellows won't sell me, the gins.

Q. Then they won't sell you?

A. They claim they get more at the other mill.

Q. You buy any at Cushing?

A. No.

Q. You buy any at Sparks?

A. No.

Q. At Prague?

A. No.

353 Q. Who if you know buys any there?

A. I haven't bought any there this year, I have bought there.

Q. Who if you know, buys at Wellston?

A. I don't know except the gin, I presume Oklahoma City does, Guthrie, they on railroad running in there.

Q. You don't know for sure who buys there?

A. No not positively.

Q. This Chandler Cotton Oil Company is a branch of a larger company?

A. Yes sir.

Q. Where is the main office?

A. Paris, Texas.

Q. You know how many plants they have?

A. I know approximately, between 10 and 14.

Q. Where are they?

A. 3 in Oklahoma, one at Winnewood, Oklahoma City and Chandler, balance of them in Texas.

Q. Does the Stroud Oil Company buy any seed in Chandler?

A. I have never known them to, haven't since I have been here that know of.

Q. Does Oklahoma City people buy any in Chandler?

A. I don't think they have since I have been here.

Q. Does the Cushing people buy any here?

A. No, haven't since I have been here.

Q. Do they buy any at Davenport?

A. Yes, they have a gin there.

Q. The Cushing people?

A. Yes sir.

Q. There is a Cotton Oil Mill at Prague?

A. Yes.

Q. They buy any at Davenport?

A. No not as I know of.

354 Q. Do they buy any at Chandler?

A. Not as I know of.

Q. You personally acquainted with the Superintendents of those mills at Cushing at Prague?

A. Yes sir.

Q. As a matter of fact Mr. Barksdale there is a common understanding between all these plants that they shall have certain territory to buy from?

A. No.

Q. You mean to say that you have no knowledge of such?

A. Yes.

Q. You mean to say that you have no knowledge?

A. I mean to say that I have no such an agreement?

Q. I have authority not to, I am instructed not to make any kind of trade in violation of the law.

Q. You don't know what your superiors in the Company do, the officers do you?

A. No.

Q. You know Mr. Bellis of Cushing?

A. Yes sir.

Q. Came down here not long ago to see about the seed?

A. Not as I know of, I was walking around Sunday evening, run across Mr. Bellis and Jim Mascho. Mr. Bellis told me he was down here on an oil lease with Mascho, he remarked that the Chandler price was drawing lots of cotton here, didn't have any further conversation.

Q. N'nothing more said about it?

A. No.

Q. What understanding you have with the Chandler people here as to their seed?

A. I tell them what I can pay for it and it is immaterial to me what they want to pay.

355 Q. You have an agreement for them to deliver all their seed to you?

A. I have not.

Q. Ever talk it over with them?

Q. I told them I thought they sought to sell to a home mill especially where you can get as good a price as anywhere else.

Q. Is there any offer or inducement?

A. None, except cash.

Q. Give them any premium on it.

A. No not in the sense of a premium, I say I will pay you \$19.00, they pay \$18.00, no premium or commission. I call it a profit, I consider it the same as on a suit of clothes, pay \$15.00 for it and sell it for \$17.00, that's not a premium.

Q. You say you offer them \$18.00 or \$19.00?

A. I offer \$19.00, they are paying \$18.00.

Q. That's straight \$19.00 delivered at the mill.

A. Yes sir.

Q. You pay them something additional at the end of the season?

A. No.

Q. You heard Mr. Owens' testimony?

A. I pay whatever balance due them at the end of the year.

Q. Pay whatever balance is due?

A. Yes sir.

Q. What's the balance due?

A. Difference between the seed delivered, price, credit and amount of cash I have advanced him during the year.

Q. Well now explain it, you pay him regularly once a month?

A. Well I give a check about once a week.

Q. Once a week?

A. Yes sir.

356 Q. You figuring about how much coming to him?

A. Just about. Charge him for the bagging and ties he gets and whatever difference he has coming he gets.

Q. And that's all?

A. Yes sir.

Q. You didn't have an agreement with him as he stated here where he got \$1.00 per ton?

A. No, I didn't understand him to say that.

Q. You tore down the gin here and moved it to Bristow?

A. Depew.

Q. Why are you not running your gin up here now?

A. It is not profitable to run it.

Q. That the only reason?

A. That's one reason, the other haven't any money to run it with.

Q. You have a man employed?

A. Not to run the gin, had an engineer.

Q. You can find plenty of men to run it?

A. I possibly could if I wanted to run it.

Q. But you don't want to?

A. No.

Q. You say unprofitable?

A. Has been in the past.

Q. You could make some money at \$4.00 per bale?

A. Yes sir.

Q. You run last year?

A. Yes sir.

Q. Was it unprofitable last year?

A. Yes sir, didn't make me any money.

Q. Why didn't you sell and get rid of it?

357 A. Might want to run it, would have run it this year if the crop justified it. I repaired the gin expected to run it, thought going to be big crop, it was big, along in July and August I understood that the crop wouldn't make half, lot of farmers told me that, there is Mr. Cook told me, I think Mr. Ward told me the same thing, number of them said we won't make say probably more than 40%.

Q. As a matter of fact you know that cotton piling up here at the other gins?

A. Yes, get pretty good run.

Q. Getting more than they can handle?

A. I have never heard them say so.

Q. You know that?

A. I know they are running some at night and all day, but never heard them say they getting more than we can handle, as a matter of fact if they was, I would start up.

Q. You are under no obligations to these fellows not to run?

A. No.

Q. You talked it over with them about running?

A. No I talked around to different people about it, merchants ask me if I was going to run and I would say I don't know, depends on conditions whether necessary or needful.

Q. As a matter of fact, didn't you say to these other men, I will keep out of this, you fellows go for the ginning, if you will give me the seed?

A. No.

Q. You had a conversation with them about that?

A. Not along that line.

Q. Well what line did you have?

358 A. Well every time I seen one of them, I ask them how much cotton they getting.

Q. You talked it over this year about your running this gin this season with these other gin men?

A. No.

Q. Had you a conversation with them about the, about what each of you would do this season?

A. In what way.

Q. In any way?

A. Oh now and then when I meet them, I ask about how much they getting, ask them if they getting good receipts.

Q. When did you talk with them?

A. I always talk with them when I see them. How much crop out.

Q. Well before the crop came on you talked with them?

A. Yes some.

Q. That's what you said, just asked how the crop coming, how

much bagging and ties they thought they needed, anything pertaining to business.

A. Practically.

Q. Didn't you discuss the question whether or not you would run or wouldn't run?

A. No not in effecting their business.

Q. Well to effect anybody's business?

A. Well I don't recollect any special conversation, but sometimes I said I would go ahead and run that gin, crop looked like it would be pretty good, when the crop got bad I said I don't believe pay to run it, there looked like enough gins without mine running, if conditions justified it later on I would start up, but there was never any agreement that I should run it or not run it.

359 Q. This was the understanding?

A. No understanding.

Q. Just talked the matter over and you thought it ought to be that way?

A. No.

Q. That's like Owens was with Rooney?

A. No.

Q. As a matter of fact you said to them I don't think my gin ought to run, but I think you fellows ought to give me your seed?

A. No.

Q. Mr. Corley worked for you last year?

A. At Bristow.

Q. Well year before last?

A. Yes sir.

Q. He was your manager?

A. Yes.

Q. Did the buying of cotton and the ginning and looked after the affairs of the gin.

A. Yes under my directions.

Q. You had some independent buyers *they* year in Chandler?

A. I think so. We have always had them.

Q. And has some buyers of seed?

A. Yes sir.

Q. As a matter of fact you instructed Mr. Corley down there while he was running that gin not to gin unless you got the seed?

A. No, I always ginned for custom.

Q. Well you instructed him that he must keep the seed there, must be sure he got them?

A. I instructed to buy all he could.

Q. Didn't you instruct him not to gin unless he got the seed?

A. No.

360 Q. Didn't you instruct him to refuse to gin?

A. No.

Q. Didn't you instruct him to leave town one day so as to keep from ginning for certain people?

A. No never knew he left.

Q. Didn't you instruct him to leave?

A. No.

By Mr. Rittenhouse:

By Mr. Rittenhouse:

Q. The year that you run the gin you got all the seed from Mr. Owens just the same?

A. Yes sir.

Q. The year you run it you got seed just the same as this year and you are not running it?

A. Yes sir.

By the Court:

Q. How much, have you bought any bagging lately?

A. Not since the beginning of the season along in July and August.

Q. How much supply have you on hand now?

A. For about 100 bales, I shipped some from here to another gin point where they were running out, so had a local shipment made from Davenport, just to hold them up until I got another car load here.

Q. You got another car coming?

A. I am trying to buy a car now, haven't purchased it yet.

Q. Had a price made you yet?

361 A. I understand the best I can land so far that car will cost me about \$1.00.

Q. What did this last you bought cost you at the commencing of the season?

A. About 75 cents, total including freight, etc.

Q. And this other you think will cost you about \$1.00 laid down here?

A. That's about as low as I can get it at. It is mighty hard to get.

Q. That being an advance of about 25 cents per bale?

A. Yes sir.

Q. These gins running here, of course, would have to pay that?

A. Yes would have to pay me what I pay for them. I, of course, don't expect any profit, nor sell at a loss.

Q. Have they been ginning cotton for \$3.50 or \$3.00 all fall?

A. Well \$3.50 I understand been the price this fall.

Q. If they should advance the price in proportion with the advance in bagging and ties, they would have to advance 25 cents to get out.

A. Considering the bag-ing and ties only, yes.

Q. I believe they claim that the reason was that in making that advance was advance on bagging and ties?

A. I understand that part-y the reason.

Q. You say you bought any seed at Davenport?

A. Yes sir.

Q. You got a gin there?

A. Yes sir.

Q. I believe you said you didn't buy any at Prague?

A. No.

362 Q. There is a general understanding among the oil mills that they won't go into each other's towns and territory to buy seed?

A. No, if there was how these other fellows come in here.

Q. They don't *don't* belong to the combine.

A. I don't know.

Q. Those that's in that combine don't interfere with each other's territory?

A. I don't know of any combine.

Q. Why is it that he stays out of each other's towns and territory?

A. Can't buy the seed just right of those gins.

Q. Two men here buying seed now?

A. Yes.

Q. Shipping out?

A. Yes.

Q. Couldn't you get those men to go to other places and buy?

A. I possibly could, yes.

Q. You know what they paying for seed at Prague today?

A. No, I know the freight rate about \$2.60 per ton here.

Q. From Prague?

A. Yes sir.

Q. You know you are going to get a rebate on that pretty soon?

A. Well I didn't know that.

By Mr. Johnson:

Q. You have a gin at Bristow?

A. Yes sir.

Q. What you paying the gin, you buying seed there from the gin to ship here?

A. Yes.

Q. At Bristow?

363 A. Yes.

Q. What you paying?

A. I haven't bought but 5 cars from there, first batch at \$17.50, no \$16.00, one car the next cost me \$17.50 or \$18.00.

Q. What you paying now?

A. Two cars the other day at \$19.00.

Q. From the gin man?

A. Yes.

Q. As a matter of fact you paying the farmers only \$16.00 at your gin for seed?

A. The 1st price they got was \$16.00 with this raise to \$19.00 I presume they will go to \$17.00.

Q. Do you know that they are?

A. No I can't determine prices up there.

Q. As a matter of fact, you only pay \$16.00?

Q. The last price, yes.

Q. The last price you paid the gin man was \$19.00?

A. I paid this fellow \$19.00 and allowed my gin \$18.00.

- Q. You had a seed fight on here three or four years ago?
 A. Pretty lively competition here on year.
 Q. And run seed up to \$32.00 per ton?
 A. Went up as high as \$30.00 I think.
 Q. As a matter of fact you made some money?
 A. No, as a matter of fact, I didn't.
 Q. Where were you that time of the year, here?
 A. Yes, sir.
 Q. That fight was here before you came?
 A. No year I came.

364 By Mr. Rittenhouse:

- Q. Have you ever recovered from that fight?
 A. Only partially.

By the Court:

- Q. The year you paid \$30.00 for seed, the price of oil was a good deal higher than now?
 A. Oh yes, oil that year was worth 40 cents approximately.
 Q. Did you sell oil meal and hulls for more than *than* now?
 A. Yes sir. I sold meal \$1.50 and now \$1.30, seed high, oil 40 per cent, don't remember the exact price, hulls 10.00 that year against \$6.00 now this year.
 Q. What you getting for oil this year?
 Q. Average 35 cents gallon.

That's all.

Mr. T. P. PARKS being first duly sworn to tell the truth, the whole truth and -thong but the truth, testifies as follows, to-wit:

Direct examination by W. L. Johnson:

- Q. You are running a eating house across the way?
 A. Yes sir.
 Q. Some of these people that haul cotton in here eat with you?
 A. Yes quite a number of them.
 Q. Even come in there after night late?
 A. Well I don't know what you call late, I feel all the way from 5 o'clock in the morning to 11 at night.
 364½ Q. Lot of cotton men come in late at night and eat with you?
 A. Yes I guess I feed my share of them.
 Q. They talk about what was keeping them out late?
 A. As they come by they say I will be back for supper, I ask them about what time and they said I don't know. Some of them as they come up stop and holler, on way to stable to feed my team.
 Q. That way each night?
 A. Night before last I think it was, I fed 5 at 9:30, night before

that I fed 7 between 10 and 10:30, one bunch we got through serving a few minutes after 11, five of them.

Q. Been that way for some time?

Q. Been that way all week.

Cross-examination by Mr. Rittenhouse:

Q. Where do you live?

A. Keeping rooming house on the corner south of Murphey's store.

Q. You run a lunch room here in town?

A. Yes sir.

That's all.

A. A. MASCHO being first duly sworn to tell the truth, the whole truth and nothing but the truth, testifies as follows, to-wit:

Direct examination by W. L. Johnson:

Q. Where do you live?

A. Chandler.

Q. What's your business here?

A. Grocery.

Q. Have you bought some cotton here in Chandler?

A. Yes.

365 Q. How long since you began buying?

A. I bought some here for several years off and on for several years, *every* since been here.

Q. Have you observed the actions of the Chandler Cotton Oil Company relative to the independent buyers here in Chandler?

A. I certainly have.

Q. What you observed as to their trying to, or their attitude towards any independent buyer?

A. Put out of business if they can.

Q. What methods they use to do that?

A. All kinds, couldn't name them all.

Q. Well they operate a gin?

A. Yes.

Q. You did ginning with them?

A. Part of the time.

Q. What methods they use if any?

A. They shut the gin down on me, raised the price of seed on me, buy cotton on the street, they raise 10 cents, 5 cents on some, take it away from me at the gin.

Q. Come in and buy it after you bought it?

A. Yes after I bought it.

Q. Did you ever have any trouble about the ginning?

A. Shut the gin down on me three times.

Q. You remember an instance about their gin man leaving town to keep from ginning for you?

A. I couldn't find him, they told me he went out for that day.

Q. Who told you that?

A. Lanning.

Q. Any other instance you remember of?

A. Not as I know of, that's the only time.

366 Q. Did they at different times refuse to gin unless they got the seed?

A. That's what they were after, yes.

Q. They wanted the seed?

A. Yes.

Q. As a matter of fact Mr. Barksdale told you that he wouldn't gin unless he did get the seed?

A. Said he wouldn't gin, don't remember about the seed proposition.

Q. Anyway that the impression you got?

A. Yes, as long as they got the seed they went ahead and ginned for me, when I went to taking the seed they shut down.

Cross-examination by Mr. Rittenhouse:

Q. That wasn't this year?

A. No.

Q. How many years ago was that?

A. I think two years ago.

Q. They didn't shut down this year and refuse to gin for you?

A. No, already shut down.

Q. You complained if they shut down and if they ran?

A. No.

Q. When the gin shut down, you say Barksdale refused to gin for you?

A. Yes.

Q. And he told you he wouldn't gin for you?

A. He told Corley and Lanning.

Q. Did he tell you?

A. No.

367 Q. Did any one else refuse to gin for you?

A. No.

Q. So Rooney and Owens ginned for you?

A. Yes they always ginned for me.

By Mr. Johnson:

Q. As a matter of fact this gin they have here has always been used to switch the other fellows into line?

A. That's what we consider it, don't know whether that is it or not.

Q. Held as a club over the independent?

A. They use the gin whether shut down or running.

By Mr. Rittenhouse:

Q. You are a brother to the Mascho that made the complaint?

A. I didn't know he made the complaint.

Plaintiff rests.

Mr. Rittenhouse recalls Mr. Barksdale for recross-examination:

Q. Did you ever refuse to gin for Mascho or any other persons?

A. No.

Q. You ever instruct your employees not to?

A. No.

Q. You heard the testimony of Mr. Mascho?

A. Yes.

368 Q. Is that true?

A. No, the year Mr. Mascho speaks of he continued to gin that year the balance of the season, that was year before last that he bought and took his seed away.

Q. You never had any of those conditions?

A. No.

L. H. ROONEY, being first duly sworn to tell the truth, the whole truth and nothing but the truth, testifies as follows, to-wit:

Direct examination by E. A. Foster:

Q. Where do you live?

A. Muskogee.

Q. Have you any business here?

A. I buy cotton here.

Q. It is charged here that you own a certain gin in town here? Do you in fact?

A. Don't own any gin here.

Q. Under what conditions do you buy cotton?

A. I buy like anybody else at the highest price.

Q. Do you know the complainants in this case?

A. Yes, sir.

Q. You know whether they are buying cotton or not?

A. Yes, sir.

Q. They charge in the complaint that you entered into an agreement with the Chandler Cotton Oil Company and with D. R. Owens by which the Cotton Oil Company was not to run a certain gin and in consideration of their not running it, you and Owen furnish all your seed to the Cotton Oil Company, I will ask you if that is true or false?

369 A. Absolutely untrue.

Q. You heard the testimony of independent buyer used here?

A. Yes, sir.

Q. I will ask you if you are an independent buyer?

A. Yes, I am.

Q. You can buy and sell to whom you please?

A. Yes, sir.

Q. And do you do so?

A. Buy of anybody I can buy of.

Q. Have you ever refused to gin cotton for these complainants?

A. I never refused to gin for them.

Cross-examination by Mr. Johnson:

Q. You say you have no gin here?

A. No.

Q. You know the gin plant in the city known as the Rooney Gin?

A. Yes, sir.

Q. Whose is that?

A. Belongs to Kate Gordon.

Q. You was the owner of it?

A. Never was in my life.

Q. How did it get its name?

A. My brother built it years ago and named it that, built its reputation on that, run it that way.

Q. You never owned any interest in it?

A. Never did.

Q. Kate Gordon a relative of yours?

A. Yes, sir.

Q. Has she got it in trust for you or your brother?

A. She bought it at Sheriff's sale.

Q. You furnished the money for her?

A. No, I think she got money.

370 Q. You think she got money?

A. I know she has.

Q. It came through you?

A. No, she earned her own money.

Q. How did she earn it?

A. She earned it in different ways, investing in property selling it again.

Q. You mean to say you didn't buy or furnish the money to buy the gin?

A. I mean to say she has money of her own.

By the Court: Answer the question yes or no.

A. I didn't furnish the money.

Q. You didn't?

A. No.

Q. What other business you got in Chandler?

A. Ice business.

Q. Miss Gordon have any interest in that?

A. None.

Q. She runs it for you?

A. She is Manager.

Q. So you own the ice plant and she owns the gin?

A. Yes, sir. I don't own the ice plant, only a- interest.

Q. She own any interest in it?

A. No.

Q. She runs the ice plant and you run the gin?

A. No.

Q. Who does?

A. Miss Gordon.

Q. She runs both the gin and ice plant?

A. Yes, she runs them both.

371 Q. And you own an interest in the ice plant?

A. Yes, sir.

Q. And you come over here every fall and buy cotton independent of her?

A. Yes, sir.

Q. That's all the interest you have in it?

A. Yes, the records will show.

By the Court:

Q. You sell all your seed to the Chandler Cotton Oil Company here?

A. Yes.

Q. Never sold to anyone else?

A. Nobody else offered me as much for seed.

Q. You heard Mr. Owens testimony didn't you?

A. Part of it yes.

Q. You sell on about the same terms he does?

A. To the Oil Mill?

Q. Yes.

A. No rebate to me, he never talked to me about it.

Q. Do they give you a profit on the seed you buy at the gin?

A. They pay me \$19.00, and on those people's testimony we pay a little more for seed cotton, the farmer gets the dollar indirectly.

Q. Does the oil mill give you a price to buy seed by?

A. No.

Q. How do you know what to pay?

A. They say we pay you \$19.00 or \$18.00.

Q. Then they give you the price?

A. In that way, yes.

372 Q. They tell you they give you \$18.00 and then you sell it to them for \$19.00?

A. No, when they tell me \$18.00 it means that.

Q. You don't get any more?

A. When they say that, at the present time the giving \$19.00.

Q. You buy whatever you can get then?

A. Yes, in a way, but I think—

Q. You really do that or think that?

A. We put the price on lint cotton up, that doesn't leave any margin in the seed?

Q. You aim to make up whatever you lose on the cotton on the seed?

A. Well in other words we try to give the farmer all that is coming to him all the time?

Q. You buy cotton in the seed?

A. Boys ways. At the present time when cotton is dry they gin it and when wet sell it to us in the seed.

Q. The farmer gets wise sometimes?

A. He is too wise for me, I haven't bought a load this year in the seed and made any money on it, I have bought loads in the seed and lost \$3.00 and \$4.00.

Q. And you never bought a load and made \$3.00 or \$4.00 this year?

A. Not this season.

Q. You buy bale cotton?

A. Yes, anyway they will sell it.

Q. You don't buy like Mr. Owen pay \$10.65 and sell at \$10.62?

A. I have done worse than that.

Q. Been doing anything worse than that lately?

373 A. Yes, I sold it yesterday for that and paid 75 for it to-day. I didn't aim to do that, but I do it.

Q. Cotton market higher today than yesterday.

Q. Yes, sir.

Q. How much?

A. Somewhere from 12 to 15 points higher.

Q. Then worth more to-day than yesterday?

A. Yes, sir.

Q. That's the other fellows that made you come up?

A. I don't know, I thought the market going down, so sold last night.

Q. Who made you pay 75?

A. Myself.

Q. And it took that much money to buy it?

A. I had to raise the other fellow's price or lose it.

Q. The other fellows forced you to do it?

A. I raised them.

Q. You had to have the cotton?

A. I had to have the cotton.

By Mr. Johnson:

Q. You say you try to give the farmer all there is in it?

A. Yes, sir.

Q. Why is it necessary to give the farmer more than his cotton is worth, hold the seed down and got give all the seed is worth?

A. You can't give both ways.

Q. Why don't you give all the seed is worth and the cotton is worth?

A. We do and sometimes a little more.

Q. I understand you sold at a loss yesterday and had to make it up today and you heard Owens' testimony he sold out for 374 \$10.65 or bought at \$10.65 and sold for \$10.62, you did the same as that?

A. Yes, sir.

Q. Why is it that you don't buy your cotton so that you can make a profit and your seed?

A. I will really do that if you can tell me.

Q. Your bidding up on cotton, you don't lose anything on seed?

A. I lost money on the transaction.

Q. Answer the question, the seed you got you made money on the way you took it from the farmer?

A. I got \$19.00, I have to haul that seed, the dirt has to come out and I don't know whether I make anything or not.

Q. Isn't it a fact that you pay more than what cotton is worth and make it up on the seed?

A. When we pay for the hauling seed very little left, if I give the farmer 10 cents more it evens up, I don't know as I make a cent out of the seed.

Q. As a matter of fact, haven't you and Mr. Owens been bidding more than cotton is worth in order to buck the other fellows and Mascho?

A. We are all on equal basis, Corley, Mascho and me. Neither one of us three owns gins.

Q. Neither of them dealing in gins?

A. The same as I am.

Q. Well you have got control of that gin?

A. I haven't control of it.

Q. You have a way of selling your seed that—

A. They can get \$19.00 for their seed I suppose, they say they get \$19.50, they ought to pay more than we instead of less.

375 Q. As a matter of fact your gin down here refused them permission to go under their shoot?

A. I don't own any gin.

Q. You know about that?

A. I heard it today for the first time.

Defendant rests.

Mr. CORLEY recalled by Mr. Johnson for rebuttal.

By Mr. Johnson:

Q. Mr. Corley you heard the statements here relative to the matter of your instructions while you were employed by the Chandler Cotton Oil Company gin in regard to the seed year before last?

A. Mr. Barksdale came by there I was sewing a belt, he made a remark don't you gin anybody's cotton unless you get the seed, the seed I want; I went ahead and after I went out he was gone, I called up over at the other gin and they said he wasn't there, finally I got him and I told him you better not refuse to let a man have his seed if he gins, it wasn't long until I got him.

Q. He wanted you to refuse?

A. Yes, sir.

Q. And you refused to refuse?

A. Yes, sir.

376 Q. You remember an incident about his trying to shut down the gin and for you to leave?

A. Yes he told me one day I want you to go off, go wherever you please, he says I run the gin so I went to see a friend who was sick and went back home and Lanning called me up said come down and start the gin, I found about 10 loads of cotton there and Mr. Barksdale wasn't there and so I started the gin.

Q. You know why he wanted you to leave?

A. I don't know unless because Mr. Mascho's cotton.

Q. You know Mr. Mascho had cotton coming in?
A. He did that morning after I got down there.

Cross-examination by Mr. Rittenhouse:

Q. You didn't obey instructions then when he told you not to gin unless you get the seed?

A. No.

Q. Then that gin never did run down there and refuse to gin cotton unless they got the seed?

A. What's that.

Q. Then that gin never did run down there and refuse to gin the cotton unless they got the seed?

A. No never did do it.

Q. You testified on your direct examination that they did run and refused to take cotton unless they got the seed?

A. No.

Q. The gin never did run under those conditions?

A. Not as I know of.

377 By Mr. Johnson:

Q. That's this gin over here (indicating).
A. Yes sir.

A. E. MASCHO recalled for rebuttal.

Direct examination by Mr. Johnson:

Q. You remember the incident just testified to by Mr. Corley refusing to gin unless they got the seed?

A. I didn't hear the conversation about refusing to gin the cotton about the seed, but I know of about the incident having the cotton down there. Corley going home and coming back and ginning the cotton for Fred.

Q. Did you have to compel him to gin it?

A. Well reported him to the Corporation Commission or something of the kind.

Q. When you were buying cotton for the Oil Mill Company I will ask you if you, if they didn't instruct you not to send any more cotton down there unless they didn't get the seed?

A. They told me to try my best.

By Mr. Rittenhouse:

Q. That's all the instructions you had?
A. Yes, try to get as much as I could of the seed.

Defendant rests.
Court adjourns.

378

.Stenographer's Certificate.

STATE OF OKLAHOMA,
County of Lincoln, ss:

I, Claude McLaughlin having been duly sworn do hereby certify that the foregoing transcript is a true and correct transcript of my shorthand notes in the above entitled cause as taken by me in short-hand and afterwards reduced to writing.

CLAUDE McLAUGHLIN.

379 Before the Corporation Commission of Oklahoma.

Cause No. 1686.

In Session at Chandler, Oklahoma, September 13, 1913.

A. E. MASCHO and L. C. G. CORLEY, Complainants,
vs.

THE CHANDLER COTTON OIL COMPANY, D. R. OWENS, L. H. Rooney, Kate Gordon, and Anderson, Clayton & Company, Defendants.

(Amended Complaint.) Alleging Discrimination.

(Before Commissioner Henshaw.)

Appearances:

For the Complainants: Johnson & Cordell, by Mr. Johnson.

For the Chandler Cotton Oil Co.: Rittenhouse & Rittenhouse.

For the Oklahoma Gin Co. (Anderson, Clayton & Co.): H. M. Peck.

For the Defendants: D. R. Owens, L. H. Rooney, Kate Gordon, Hoffman & Foster.

Reporter, A. L. Funk.

380 Commissioner Henshaw: Now we want the appearances.

M. R. Johnson: We represent the complainants. I believe there is additional parties made defendant.

Commissioner Henshaw: Who is that.

Mr. Johnson: Anderson Clayton & Co.

Commissioner Henshaw: Well I was just reading over the complaint.

M. R. Johnson: We filed an amended complaint, as I understand it now.

Commissioner Henshaw: Well all parties that are interested in the case.

Mr. Hoffman: There are several defendants and several counsel representing them. On the part of Anderson Clayton & Co. Mr. Peck; on behalf of the Chandler Cotton Oil Company, Messrs. Rittenhouse & Rittenhouse; on the part of D. R. Owen, L. H. Rooney and Kate Gordon, Hoffman & Foster.

Are those all the parties made defendant.

Mr. Johnson: I think that is all.

M. R. Peck: Anderson, Clayton & Company are made defendants and the complaint alleges we operate the Round Bale gin here. The corporation that operates the Round Bale gin in this community is the Oklahoma Gin Company and we desire to enter our appearance in this case as the Oklahoma Gin Company, as we do not care to take advantage of that technicality. And they operate the round bale gin.

381 Mr. Johnson: Let it be known as the Oklahoma Gin Co. instead of Anderson Clayton & Company.

Mr. Rittenhouse: On the part of the Chandler Cotton Oil Company we wish to file an answer.

Commissioner Henshaw: Now gentlemen, as it has been jokingly said, and perhaps in this case and in some others it is true, the procedure of the Corporation Commission is that of a justice of the peace with the power of a supreme court. We will not adhere to the strict formalities of evidence and unless it is against the rules of the county commissioners of the presiding judge of this court or offensive to someone present, the ladies, you can feel free and easy. If any of you want to smoke you can do so; you can pull off your coats, just so you are not angry when you pull them off.

Mr. Hoffman: If the Commissioner please, on the part of the three defendants we appear for and the understanding that this was a sort of a general petition with no particular formality, we haven't filed any pleadings, but desire to have the record show, if the court please, that we enter a general demurrer on the part of L. H. Rooney, Kate Gordon and D. R. Owens, and that we desire to especially demur to the jurisdiction of the court in the subject matter. We don't care, if the court please, to submit this now.

382 Commissioner Henshaw: The demurrer will be noted and passed on by the Commission in connection with the case in final determination.

Mr. Hoffman: I understand no pleadings are necessary in order to join the issues.

Commissioner Henshaw: No, I don't think so. We have always considered it sufficient to note in the record, so you can call the attention of the supreme court in the event the Commission should assume jurisdiction, while the jurisdiction in this class of case is a question of fact.

Mr. Hoffman: Then let the record show that we file a general demurrer.

Commissioner Henshaw: Now I am not going to invoke a great deal of time, unless something arises in this case that is different to all others that I have heard, to take the testimony. I want first to go over the ginning proposition and the cotton proposition

as I understand it in the state. The ginning of cotton in this state has largely passed from the hands of the ginner who is ginning cotton for a profit, or running a gin. It has been brought about by trade and competitive conditions growing out of the sale of

383 cotton seed and in some instances cotton. Whether it is true or not of cotton seed meal, men have gone into the cotton

gin business, one or two years ago, only 69 gins, or one string of oil mills owned 69 gins and others that were in the cotton seed meal business have either been forced, or imagined they have been forced, to go into the ginning business to control the channel of seed. This has resulted in a duplication of gins in nearly all the towns of the country. I would predict there is \$250,000 at least, between a quarter and a half a million dollars invested in useless and unnecessary gin property in Oklahoma. Now controversies then arose in some of the towns—I am making this preliminary statement based upon conditions heretofore presented to me and I am going to tell you before I am through what I want to hear in the way of evidence and then I am going to give everybody a chance to either introduce witnesses or write it out and incorporate it in the record. With the amount of work I have personally to do I cannot take the time to hear evidence that is immaterial to a case in my judgment, yet I don't bar anybody from introducing anything they want to and I will give you a chance, but not before me—I will see that it is done—because I haven't time to hear it. As I was going to say, controversies will arise as to the seed and the buying of the cotton. To give you an illustration; over here at Geary there was a gentleman operating a gin, or a company, who had taken the narrow view of the commercial world

384 and commercial business conditions generally. They owned the only gin in the town of Geary, and, if I remember correctly, it is the only gin within several miles around. And

after the cotton season had opened he decided not to gin for anybody except himself. That had the effect of forcing every man that brought a bale of cotton to town to sell it to him or carry it to some other gin. Of course that created a storm. One morning there was 25 loads of cotton and no place to sell and no good gin. It raised a very nice legal question. We, of course, tried the case. They tried and did stop us through the Supreme Court a while, but we went ahead anyway and the Supreme Court finally apologized to us for the order they made. I am telling you the truth when I say that unofficially. They made an order and they appealed the case. It was not appealable and this case is not appealable. If the Commission has jurisdiction the only remedy anybody has is a writ of prohibition and if we issue an unreasonable order then you can violate it and bring it up in a contempt proceeding. But in that case the Supreme Court issued a writ of prohibition asking us to take some additional testimony and if we couldn't get it back there in twenty days that writ should be permanent. In other words, they were saying to the people in that locality in the Commission don't do something in twenty days your rights are forever foreclosed. We went after them pretty strong and they apologized

and dismissed the case. So at Durant last year at the close of the season the people running gins down there agreed with one man to do all this tail-end business or whatever they call it.

It resulted that there was much more cotton in the country than they thought and something over 700 bales came in after they went into this arrangement and the one gin charged five to seven dollars a bale and put in his own price I believe for it. So that created another storm. Now this is all due or more or less all due to littleness in men that are trying to drag the cotton market. They are not little personally, but they take narrow views and they under estimate the public. Now we have got this condition. With the unnecessary amount of gins trying to gin cotton they cannot all make a living ginning cotton. The oil mill will put in a gin, for instance, if they can't get the seed without it. If it can get the seed without it—I don't mean now to reduce the price. I don't know of any oil mills in our state that wouldn't pay the same price if they had any assurance that they can get the seed, but in order to tie the matter up, and here is where the unfairness came in, every man must stand upon the market as it is. That is fair. I believe all our cotton oil men would be willing to do that, if they had an assurance that they could get the seed at the regular market price. I am not criticising them except in so far as their practices have resulted in some parts of the state. They make a contract with a ginner to sell them the seed that they buy at, we will say \$14.00 a ton and they will probably give him \$2.00 for his risk of lost seed, etc. or never less than a dollar. Of course, I don't know what his profit ought to be and am not criticising that, but they, in the western part of Oklahoma last year, make that contract for an entire season. You are to pay on the start \$14.00 a ton—it may

have been \$16.00 a ton, but I think it was \$14.00—we will give you \$16.00 a ton, and then of course when seed advanced in other parts of the country the people in that locality couldn't get more than \$14.00 for their seed. That caused trouble. Now if we have a ginning business in this state it ought to be run to enable the gins to do the business. The ginner shouldn't look to profits on the seed or the other business to support that alone. In other words, the ginning business ought to be run at a price that the gins could stand that alone. Now if the cotton speculator—if the seed speculator wants to do anything let him go on the market and meet the demands. Now all the Commission can do and all on earth, you may clothe us with all the power our power is unquestionable in this case, depends on a question of fact. I mean our jurisdiction. Our authority is limited. We are feeling in an unknown legal field. It is a progressive proposition only being tried to enforce by the state of Oklahoma alone. No other state in the Union is attempting to do what we are trying to do in these cases. Now all we can do in this commercial world in commercial problems, where things must be governed by trade conditions and market conditions, is when there is a drift gets in that street we will have to drag it out and let everything be governed by natural and market conditions. We can't curtail prices, we can't

do anything. Now all I want to know in this case is this:
387 Every man that brings a bale of cotton to a gin has a right to have it ginned. He has a right to get his seed if he wants them. If he don't want them then he cannot require the gin owner to store them for him. He must get his cotton and his seed away from the gin if the gin owner wants him to do so. Now, I don't care for any evidence on these propositions. If you are in the gin business you have to gin for a merchant in the town, you have to let him have his seed if he wants them. If you gentlemen have a farmer that you don't want to gin for there why give the public notice before ginning time and let the public make other arrangements. You can't stop in the middle of the ginning season and say I won't gin for anybody but myself because that is not sufficient notice to the public. Now those things, I don't care for a word of testimony on. That is common sense and common knowledge. We are not going to stop to discuss it. Now that has been holding the Commission. You are going to gin where they bring the cotton to you, you are going to give every man the same price and his seed if he wants them and his cotton if he wants it as long as you are ginning cotton. Those questions not a word of testimony and all I want to know in this case is about how much cotton is brought to this market; I want to know how many gins it will take to gin that cotton any one season and run at a reasonable time; I want to know the cost of the gins; I want to know the amount of the depreciation of the gin. In other words, I want to know how long a gin will last, if it lasts on an average 15 years, some parts
388 5 years and other parts 10 and other parts 25 years. Now then how many gins will it take to gin the cotton in this market any one season. I don't mean to limit you to the maximum amount, but how many gins would an ordinary business man put in the town to gin this cotton any one season. I want to know then the expense of running these gins for an average season. Now the depreciation, if it lasts 15 years—I mean the average life of the gin, some parts 25 and some 10. What is the average life of the gin. You get your depreciation, what it costs. What is your men to have on his money invested in the gin considering the hazards of the gin burning, etc. Ought not have less than 8 per cent. On a railroad property or other public service property they never think of giving the Commission more than 6 per cent. Theirs you can't destroy. A man ought to have not less than 8 per cent on the money invested in a gin. Now there is his interest, there is his depreciation. In other words he ought to make enough as that gin goes along to have enough money to buy a new gin. At the same time he ought to have enough money to keep it in running order and condition, to pay the operating expense and make 8 per cent on his money. Now if you will submit those facts either by evidence or I will swear some witnesses and they can get up their statements and send them to me. Now that is all I want to hear in this case. You may put 12 gins here. We would have to make a rate of \$6.00 a bale for them all to make a profit. If there is more gins

here than ought to be and they cannot make a profit in running, that is their misfortune. This Commission is not going to raise the price of ginning and let them all make a profit. If there is too many let some of them get out. Now that is the policy on this proposition and there is only one thing to do and that is to get right down and figure it out on that basis. Now on this case at Geary, I didn't make any close figures, it was at the close of the season. I think we made an order that they should have 25 cents a hundred for ginning the seed cotton and furnish the bagging and ties. That was the rule in that case, but I didn't make any close figures on it. It was just simply—the point involved was whether they gin at all or not. Now there isn't any use of introducing a great lot of witnesses in this case. That is all I want to know. Now the other principals involved are the questions of public policy. Nobody is going to run a gin in this state unless he obtains the authority through a court and if he gins for the public at all he is going to gin for all alike. He is not going to make any distinction between a merchant, farmer, mechanic or lawyer. He is going to gin for the same price and give everybody their own products and their seed at the gin if they want it. Now those questions you can argue all you want to, but I don't care to hear any evidence of it. There is only one question I want to hear in this case. Have you any witnesses here prepared to introduce evidence along the line I suggested?

390 Mr. Johnson: The most of the ground covered by the court in his suggestion I think was covered in the former testimony and if I understand the situation now, the order was made and suspended upon the application of the defendants and they are now under bond to return to the farmers what they are charging above what the order was made for, so I presume the burden is on the defense to set aside the order.

Commissioner Henshaw: Well now, the order will be re-written on the lines that I suggested.

Mr. Johnson: Well if I understand, the order is still standing now and unless it is still standing we are ready to proceed, but as I understand, it is up to them now to proceed.

Mr. Hoffman: I understood, if the court please, that the former order was moved until the further hearing was had. That was my understanding, and I was present at the time it was made.

Mr. Johnson: You mean they merely suspended the order?

Mr. Hoffman: Not to be put into effect until some further hearing was had. Now the remarks of the court necessarily take this into a wider field and rather different scope from anything that I think the complainants here contemplated, or the defense. Part of it at least is largely a matter of statistics. The court states one of the points is the amount of cotton that would come to these gins.

391 Commissioner Henshaw: The approximate amount.

Mr. Hoffman: Approximate, yes sir. Now here, as every one knows, is a very small cotton crop this year. Some might have one idea of what it amounts to and some another. I take it no one is here prepared to give testimony on that at this time.

Commissioner Henshaw: We are not going to disturb the ginning prices this year much. Here is my idea about that. This year there cannot be—suppose on my theory there was enough gins here in Chandler to do the business of an ordinary year. There is some of them losing money this year because there is not much cotton. The fact that there is not much cotton a farmer gets a third more or I will say a fourth more for his cotton this year than if he had a good crop. Then it would be unfair and unjust this year for us to say to the ginner, because we have a small crop you have to lose money and gin that cotton this year.

Mr. Hoffman: At a lesser price.

Commissioner Henshaw: At a lesser price. I mean there is not a farmer in Lincoln County that would ask that. Now along the terms as I first laid down, that if you put in more gins than necessary for an average year and there comes a year like this one when we have no cotton and some of those gins must shut down and lose money that year, why there is not one that would ask that they be held at the minimum price on an average year. So then we have to make a price a little higher to meet those conditions. I am talking about the price based on the cost of ginning and the maintaining of that machinery from year to year.

392 Mr. Hoffman: It must be, of course, readily apparent if there is a ginning season of one or two months this year an ordinary year would be twice that much. But those things have to be taken into consideration. It don't occur to me that there is any burden on the defendant. These matters announced by the court are matters upon which the order is to be based and it seems to me it is as much to the interest of the complainants and it seems to me it devolves on the complainants to show the price the court should fix for ginners to charge this season.

Commissioner Henshaw: What is the price they are charging here now?

Mr. Hoffman: \$4.00.

Commissioner Henshaw: That includes the bagging and ties. Now bagging has sold on the wholesale markets from 92 cents to \$1.15 someone told me.

Mr. Johnson: If the court please, the gins heretofore have ginned I think up to about last year or year before, they ginned for \$2.75 to \$3.00. Some time since it was raised to \$3.50 and last year was a pretty good cotton season and in the middle of the season they raised it to \$4.00. That is where the kick came in.

393 Mr. Hoffman: They tell me \$3.50 has been the price for years. I am quoting Mr. Ryan.

Mr. Johnston: I am quoting what I know to be true of several years ago, I don't know how many, \$2.50 has been in force and afterwards raised to \$2.75 and afterwards \$3.00 and up to last year \$3.50 was the maximum and when they raised it to \$4.00 in the middle of the season that is where we raised our kick and we came into court and submitted this subject and the Commission decided that \$3.50 was a reasonable price for ginning, upon the evidence

that was taken here. And we thought that the points covered now by the court in his suggestions was covered in that evidence that was taken before and I don't apprehend the court would want to review the same thing except if they have something to offer now to offset it we want to get it.

Commissioner Henshaw: The complainant is ready to stand on the evidence heretofore introduced unless they have something new to offer?

Mr. Johnson: Yes sir.

Mr. Hoffman: I don't see how evidence introduced last year could governing the ginning this season.

Commissioner Henshaw: Whatever order the Commission make make in this it may have an exception in it so far as this year is concerned.

394 Mr. Hoffman: I think Mr. Johnson stated—so far as the price of ginning, I do know years ago when cotton was 5 cents probably it was much lower, but they tell me the rate here has been \$3.50.

Commissioner Henshaw: The price throughout the country has, up to this year, been 50 cents a hundred pound for lint and \$1.00 for bagging and its. That has been the prevailing price throughout Oklahoma.

Mr. Hoffman: How much time has the court to devote to this hearing?

Commissioner Henshaw: I can devote all the time you want, but it will suit me if you gentlemen will give me these figures, submit a copy of them to the complainant and send them down to the office, but first give a copy of them—I mean give them a copy of them at the same time.

Mr. Hoffman: I believe we could save time to comply with that suggestion, because this has kind of taken us unawares and it will take sometime. Now shall we take it in the form of a deposition or take the figures and submit them to the counsel.

Commissioner Henshaw: Take the figures and state who compiled them and the source of the information and then submit them to counsel and I will come up here any day if there is any disagreement as to what it is to be. Now let the other side take theirs. Now if there is any disagreement I will run up here any day between these trains to hear the testimony or I will hear it in Oklahoma City.

Now understand, I am not going to prevent anybody from 395 introducing all the testimony you want, and if it takes a week we will do it.

Mr. Hoffman: Of course, things like fixed charges the books will show, the cost of repairs and things like that, but take the depreciation of property, for instance. Now that is a matter that each independent ginner will have to figure out himself.

Commissioner Henshaw: That is a matter of judgment somewhat. I will get that from several sources.

Mr. Hoffman: I think we will all agree and we would prefer to submit it in that manner if that is the court's suggestion.

Mr. Johnson: I apprehend that our disagreement will come over the number of men necessary to run a ginning plant and the proper handling of it and I understand from figures unofficial, but from some of the things I have understood from the outside, that will probably be some of our difficulty. Now I thought this hearing was to determine that matter. Since this thing was started a year ago it was my understanding that it was to be introduced at this time.

Commissioner Henshaw: If you are ready we will hear it.

Mr. Johnson: We are ready except we insist that they present their part of it.

Commissioner Henshaw: They say we could save time by getting this in compact form.

Mr. Johnson: Well we offer in evidence all the evidence taken before.

Commissioner Henshaw: That is already in the case. Now, I will tell you, I had rather—if I was going to try this case, I had rather get two farmers and one man that has been running a gin all of his life and four of us get together to-day and fix this thing in a few minutes.

Mr. Johnson: I think that is a pretty good idea. I am afraid they wouldn't agree to it.

Mr. Peek: Anderson, Clayton & Company were made defendants since the last hearing. The Oklahoma Gin Company, which is properly defendant now, is ready now, if the court desires it, to give figures as they have them with reference to the cost of ginning in this community. Mr. Clayton, the general manager of that corporation is here and is willing to be sworn and present those figures to the court.

Commissioner Henshaw: Stand him up.

(Mr. Clayton is sworn.)

397 Mr. W. L. CLAYTON, being called as a witness on behalf of Anderson, Clayton & Company, being duly sworn, testified as follows:

Commissioner Henshaw: Now gentlemen just direct your questions to the substance. I don't care whether they are leading or not leading, but just the shortest way possible.

Mr. Beck:

Q. You may state your name?

A. W. L. Clayton.

Q. What position do you occupy with the Oklahoma Gin Co.?

A. General Manager.

Q. Do you operate a gin in this community?

A. Yes, sir.

Q. The gin known as the round bale gin?

A. Yes, sir.

Q. Are you prepared at this time to say what the cost of ginning is in this community?

A. Yes, sir, at my gin here last year my average cost was \$5.65 a bale.

Q. \$5.65 a bale? But what method of computation have you arrived at that figure?

A. That includes every element of expense that enters into the operation of the gin only at Chandler. Does not include any office expense at Oklahoma City whatever.

Q. Have you those items?

A. Yes, sir.

398 Q. Will you give them to the Commission please?

A. One of the principal items of expense is initial repairs for the season, \$1,023.70. The operating repairs through the season, were \$634.15, labor \$2,091.05, salaries \$1,270, covering \$1,140.17, fuel \$905.13, stationery and office supplies \$6.00, lubricants \$58.35, insurance \$114.30, incidentals \$208.50, exchange \$9.32, interest \$196.97, water and light \$87.00, drayage \$520.80, rentals \$2,004.75, Garnett errors \$33.92.

Q. That amounts to how much in total?

A. \$10,304.11.

Q. How much cotton did you gin here the last season?

A. 3,716 round bales.

Q. At a cost of how much per bale,

A. \$5.65.

Q. What was the amount charged by the Oklahoma Gin Company here to gin round bale here last year?

A. At the beginning of the season \$3.50 but from the middle of the season on it was \$4.00 a bale.

Q. Were you ginning cotton here at a profit at that time?

A. No, sir, when I was ginning for custom I was ginning at a loss.

Q. At the rate of \$4.00 per bale how much loss,

A. \$1.65 a bale.

Q. \$1.65 loss per bale?

A. Yes, sir, I would state to the Commissioner in regard to this question as to depreciation and the cost of keeping the plant up the insurance companies in case of fire figure 10 per cent in depreciation on the plant in settling a loss. I would also state that the improvement that is made from year to year in ginning machinery by the manufacturers it is necessary for us almost every year to take out some machinery that is good mechanically and put in some improved machine that will give a better sample or out-turn and the expense of that must be charged up to the operation of the plant, because it is almost a yearly occurrence that we must take out some machine that might last 15 years longer, simply because it is out of date. One of our principal items of expense, initial repairs, was brought about by having to build an entire new boiler wall. The boiler wall gave way and we had to build it up from the ground. It cost \$500.00. There is some such items as that that is necessary practically every year in roofs, painting, replacing boiler tubes is very expensive and on an average with all the gins that we have even when they are built and operated one season it costs \$500.00 a year to keep them in repair after that.

Q. Mr. Clayton how long has the Oklahoma Gin Co. operated a gin in this community.

A. Four years, I believe.

Q. Do you know at what prices they have heretofore ginned cotton other than the \$3.50 and \$4.00 you have mentioned?

A. The charge has been \$3.50 ever since I have been operating a gin here until during the last season.

400 Q. During those four years have you ginned custom cotton at a loss at that price all the time?

A. Yes, sir.

Q. Do you know whether there are sufficient number of gins in this community to handle the cotton that is brought here.

A. This last year two gins could have ginned all the cotton that came to Chandler, I think, without being very much crowded but a few days, three at the outside.

Q. How long did your gin run last year.

A. I think it run 70—it run every day practically for about five months, but there was only just what straggled in each day.

Q. Have you any further statement that you desire to make to the Commission?

A. No, sir, no further.

Q. How long have you been in the cotton business?

A. 10 years.

Q. During that time where have you been in the business.

A. In Oklahoma most of the time and Texas.

Q. What do you estimate to be the value of your plant here in Chandler.

A. To replace it would cost \$12,000.

Q. What was its initial cost?

A. About \$12,000. Practically all the machinery in it at the moment is new too. We have replaced until practically all the machinery is new.

Commissioner Henshaw:

Q. Do you gin any custom cotton?

400½ A. Yes, sir, Almost—well over a third of the cotton we ginned last year was custom.

Q. Do—the round bale people used to buy the product of the different gins. Have they quit doing that.

A. We make a market for the cotton we gin and make a price for the lint cotton. When a farmer is on the gin with a load of seed cotton we tell him what price we will give him for the lint after it is ginned. If he thinks he can do better by ginning in a square bale we don't wait until we gin it.

Q. Your ginning includes compressing too?

A. Yes, sir.

Q. Then it would have cost the other party \$2.50 a bale to have it compressed?

A. 50 cents a bale. 10 cents a hundred.

Mr. Peck:

Q. This gin of yours is a round bale gin?

A. Yes, sir.

Q. Upon what basis have you computed these figures, round bales?

A. No, it is \$5.65, means two round bales or equivalent in weight to one square bale. A round bale weighs 250 pounds.

Mr. Johnson:

Q. You live in Oklahoma City?

A. Yes, sir.

Q. You don't operate this gin personally during the cotton season.

A. I visit it a number of times.

Q. You weren't on the street regularly.

401 A. No sir. I had a report every night from my superintendent that gave me the situation in concrete form every night over the telephone.

Q. You are basing your statements—now upon what do you base your statements to the effect that two gins could have ginned all the cotton in Chandler last year.

A. Well I think there was about 6,500 bales ginned last year, if I remember correctly and it is very easy running for one gin to gin 3,000 to 3,500 bales in a season.

Q. What sized gin.

A. 4 70-saw gins.

Q. Now from your observation a gin, a 4 70-saw gin that would gin 3,500 bales during the season would operate about how many days.

A. About a hundred days.

Q. They run all about the same, four or five months?

A. Yes sir.

Q. You think a gin ordinarily that gins 3,500 bales ought to do it in an ordinary average season such as last year in 100 days running.

A. If it came in sufficient rapidity to give him a full day's run every day he could.

Q. Now you say your plant is worth \$12,000 down here?

A. It would cost that to replace it.

Q. How long have you been the owner of that plant.

A. I lease it.

402 Q. You are not basing your figures on any knowledge of the conditions and facts as to what it cost.

A. I have built lots of them.

Q. You build lots of them.

A. Yes sir, I built gins in other parts of the State.

Q. Do you know how long this gin has been in operation down here?

A. Yes sir, about 12 years.

Q. Do you know that of your own knowledge?

A. To my own knowledge it has been in operation that long.

Q. Hasn't it been more than that?

- A. Of my own knowledge I don't know.
Q. Now the same machinery is there?
A. No sir. I put in the gin stands and the belt distributors and feeders in this gin the year before last.
Q. How many gin stands?
A. Four.
Q. All of them new?
A. Yes sir, the belt distributors and the feeders.
Q. You don't know what this gin outfit could be bought for at the present time?
A. No sir.
Q. Would you estimate its value at the present time?
A. I imagine it would sell for a very slight figure.
Q. It did sell a few years ago.
A. Yes sir, it was sold under a receivership sale.
Q. Do you know what it brought then.
A. No sir.
Q. Now do you know what the usual price and charge for ginning over this state is, and in other places where you have operated?
- 403 A. Out in western Oklahoma where there is approximately the same amount that is ginned here I think it is \$4.25 a bale.
Q. What towns for instance?
A. Why I think nearly all the towns in western Oklahoma and southwestern Oklahoma.
Q. You give that—now are you stating that from actual knowledge or from what you have heard or observed.
A. Well in the localities in western Oklahoma where we operate gins ourselves the charge is \$4.00, but in southwestern Oklahoma I understand—this is just simply a matter of information—that it is \$4.25.
Q. What is it in Texas where you operate.
A. \$3.50, but then the ginner will gin three bales there to one here.
Q. Now is it any more expensive to operate your round bale system than it is to operate a four stand 70 saw square bale system?
A. Yes sir.
Q. How much more expensive.
A. Well I couldn't say. The power on the engine is about 35 horsepower extra. I think it takes about a third more fuel.
Q. How many men do you use in ginning?
A. Six.
Q. Now what do your six men do?
A. Ginner, engineer, two pressmen, office man, suction men. That is besides the Superintendent.
Q. Now what do you pay your ginner?
404 A. \$2.50 a day.
Q. What do you pay your engineer?
A. \$2.50.
Q. What do you pay your two pressmen,

- A. One \$2.50 and the other \$2.00.
Q. Make it \$4.50.
A. Yes sir.
Q. What do you pay your office men?
A. \$2.50 a day, I think it is.
Q. Now your suction men?
A. \$2.00.
Q. Now do you mean to tell the Commission that an office man
is necessary in the ginning operation?
A. Yes sir. He has got to weigh the cotton.
Q. You don't need to weigh for cotton ginning do you?
A. Yes sir.
Q. What is the necessity for weighing?
A. Well when a farmer wants his seed we must have something
to base the amount of seed on that we turn back.
Q. Your pressmen weighs the bale?
A. Yes sir.
Q. How do you figure his estimate of the seed?
A. On the weight of the seed cotton.
Q. As a matter of fact isn't it the custom to double the weight
of the bale and call that the weight of your seed?
A. No sir, not when I am ginning.
Q. Isn't it generally?
A. No sir, it is not. We buy seed cotton and I don't know how
we would pay for that if we didn't weigh it.
405 Q. You are figuring the expense of buying seed cotton
into your ginning.
A. Well the price I gave is the average price of ginning all cotton,
custom and seed cotton.
Q. But you are figuring in on the ginning price your price of
buying.
Commissioner Henshaw: Let me ask the witness a question.
Q. You are in the general cotton buying business are you?
A. Yes sir.
Q. Were it not for your business as a cotton buyer you wouldn't
be operating these gins over the country for the profits you make
out of ginning?
A. No sir.
Q. Now I don't believe I care to, unless you gentlemen want to,
to go into the cost of operating a round bale system, because we
cannot make a price covering throughout the country to meet that
condition because they are only usually operated by cotton buyers
and we have always been glad to have them in different parts of
the state to stimulate the prices. They are not a bad thing to have.
The Witness: They stimulate prices all right.
Commissioner Henshaw: But I don't think I care to go into the
cost of ginning cotton in the round bale as a basis. I don't want
to cause any reflection on the round bale business at all, because
it is all right.
Mr. Johnson: I see where we would have lots of difficulty to ar-
rive at a conclusion on the square bale and the round bale.

406 Commissioner Henshaw:

Q. How many gins are there here in this town?

A. There are five.

Q. Now if it was left to ordinary businessmen there would probably not be more than three.

A. Not more than three.

Q. The additional gins are put in for other business reasons?

A. They are put in largely because the man that is not in the ginning business figures like these men do, that you can gin for \$2.75 a bale and they don't find out the difference until they can't get rid of it.

Q. Oh, most of the gins in this state are operated by men that have been engaged in the ginning and cotton seed business for years and yet we have an excessive amount of gins in every town. Now what is the cause of that?

A. Well sir one reason there is too many gins in this state is a great many gins will be put in at ginning centers before railroads are built. At one time Elk City drew cotton from a territory 80 miles nearly and a great many gins were built up there. The Wichita Falls & Northwestern builds through there and there is nine new gins built around that railroad at different towns to cut off that business at Elk City and the result is they have just double the number of gins at Elk City that they need.

Q. Now then take this cotton seed oil mill they don't care whether they operate their gin do they.

A. Ordinarily I have found they operate their gins as actively as we do.

407 Q. But if the other ginners will agree to sell them the seed they never operate a gin. When they will agree to sell them the seed?

A. Yes, I think they do.

Q. I know they use them usually as a proposition to secure the seed in a certain locality and I don't blame them, provided they pay the farmers as much as anybody else pays them. All the Commission is interested in is where they use them as a club. We have this condition in Mangum. They had five gins there and wanted to know if the Commission would interfere if they agreed to operate one or two.

A. I think that is a very broad minded view that the Commission took of that.

Q. We wrote them we would not as long as the prices were not raised, etc. In other words, wouldn't want to give one man a monopoly and then let him use it, and that is the only interest we have in the matter. And of course where gins have been built for other business reasons other than the profit in the business why I don't see how the Commission can consider whether they make a profit or not. Now as I said before, if you have a proposition now that three gins is enough in the town of Chandler to do all the work. Now you say your average season here would be 6,000 bales. How much would it cost to operate these gins. Now at the close of the season

they ought to close all down but one, but let that one treat the farmers just as if all three were running. I don't care if they divide

the profits, just so we can have this ginning done at a reasonable price. Now in the western counties of Oklahoma the price has always been 50 cents a hundred and one dollar bagging and ties. Now the bagging and ties has advanced to \$1.25—I mean the bagging and ties this year has advanced 25 cents owing to certain conditions that will not obtain next year. In other words, bagging and ties next year will be down below what they are this. We will have the tariff in by that time. I am not making any political speech—

A. I think you are right on that.

Q. It saves the farmers of this country 25 cents a bale. It is worth the time of our Representatives anyway. To make myself clear, the bagging men were afraid to lay in a big supply this year for fear they wouldn't get rid of it and then the tariff would come down and it would be cheaper next year and they would have a supply on hands. And since they have found the crop so light it is going down now and it will probably be down to the normal prices; but it is still as high as \$1.15 wholesale this year. Most of it was bought at wholesale and the man that sells it gets his 20 or 30 per cent out of it. So you see it would make bagging and ties actually cost about \$1.25 a bale. Now you see when all these things are explained and the farmers understand, they are the easiest men in the world to get along with.

A. We don't want to put the producers in the dark. We want them to understand that the price we are ginning for now is a very cheap price.

Commissioner Henshaw: Now counsel I believe we had better pursue the plan of ascertaining what it would cost to gin 6,000 bales of cotton here by three gins on a reasonable basis.

A. If a gin could gin 3,500 bales I believe they could gin for \$3.50 in a year.

Mr. Peck:

Q. Mr. Clayton, you said that last year they ginned approximately 6,500 bales here?

A. That is my understanding.

Q. Have you any way of approximating the amount of cotton that will be ginned at this point this year?

A. I understand they will make about 60 per cent in this territory.

Commissioner Henshaw:

Q. Now do you think the Commission ought to make a different order for this year other than the price they are paying now and let the order be for next year. I mean if we have a normal crop.

Mr. Johnson: It is my observation of this that I have—I believe the court intimated a while ago that one order ought to stand for every year now until it was revoked.

Commissioner Henshaw: You wouldn't want an order made on this year's business.

Mr. Johnson: Well I don't think it ought to be made on this year or last year, but on the general trend of the business. That is my idea of it, and I don't see that if we are going to limit the number of gins or there is anything in the suggestion of the court to the effect that it ought to be limited, that it would make little difference about the size of the crop and the price. Now when the cotton gets to coming in slow the facts are that the ginners shut down any way and give it to one man. I believe that is the order of 410 the Commission in this case. In that event it ought to make very little difference in the price of ginning.

Commissioner Henshaw: Of course you know it is not the object of the Commission to limit the number of the gins, but we have to base a reasonable price as if though they were only the proper number.

Mr. Johnson: That is my understanding. I don't see that this year ought to be an exception to the general rule for this reason now, if for no other reason, that this action was begun last year when there was a plentiful season and it ought to be based as much upon last year's season now as upon this year or any other.

Commissioner Henshaw: The order of course couldn't be gotten into effect last year in time to make much difference. I just hate when I see a man in a business enterprise losing *losing* money.

Mr. Hoffman: We are prepared to show that every gin here last year run at a loss. And the complaining witness in this case under his own management cost \$4.78 a bale without any calculation whatever for depreciation of property.

From some one in the audience: You can't show it.

Mr. Hoffman: The complainant in this case. I have the figures here and if there is any question about it I want to put him on and show it.

Commissioner Henshaw: This complainant here? He must be a hero.

(Witness excused.)

411 Mr. L. C. G. CORLEY, being called as a witness, having been first duly sworn, testified as follows:

Mr. Johnson: Now I want to call one thing—correct a statement made here and get the idea of the Chandler gins now clearly before the court now. The facts are here that we have five gins in town. The one as testified to by Mr. Clayton is run by their company. Two of the gins owned by one man and the two were operated last year. The only gin operated or owned by the Chandler Cotton Oil Company stood idle last year and one other gin run and still stands idle this year, leaving only four gins in operation one man owning two of them.

Mr. Hoffman:

Q. You run a gin at Bristow in the year 1911-1912 did you not?

A. Yes sir.

Q. You had sole charge of it.

A. Yes sir. Well I didn't have control of it either.

Q. You were Superintendent?

A. Yes sir.

Q. Didn't you run it?

A. Yes sir.

Q. Do you know what amount you paid out for labor that year?

A. No sir.

Q. Do you know how many bales you ginned?

A. No sir.

412 Q. Do you know what you paid for repairs?

A. No sir. That was the year before we started.

Q. I am asking about the year you run the gin out there.

A. That is before we started on the gin.

Q. That is the year you said we didn't know what we were talking about when I spoke a moment ago. I am asking you if you know what you paid for those items?

A. No sir.

Q. You ginned 1,589 bales that year?

A. I couldn't say.

Q. You don't deny that that is correct?

A. No sir.

Mr. Johnson: I don't want to object to anything going on, but I am willing to have a fair examination and we are willing to stand on Mr. Corley's statement of what he knows about these figures.

Commissioner Henshaw: No, I think—

Mr. Hoffman: He made the statement that we couldn't show what our books do show was the actual cost for the ginning of the season.

Q. Didn't you make that statement? Say "You can't show it."

A. No sir. I did not.

Q. I beg the gentleman's pardon. I thought he said we couldn't show it. Here are the figures and I desire now if the court

413 please, to introduce the following compiled statement from the books, showing the cost of running the gin at Bristow for the season—by Mr. Corley, complaining witness in this case, for the season of 1911 and 1912, the estimate not showing any amount taken off for the depreciation of the ginning property, but showing a total labor cost of \$2,750.83; repairs \$1,730.80; fuel \$902.35; lubricating oil \$48.38; Insurance \$197.90; taxes \$128.18; Interest and exchange \$159.02; gin expense \$104.04; water \$22.40; Stamps and stationery \$38.60; bagging and ties \$1,071.15; total \$7,153.65; drayage \$458.28 or a grand total of \$7,611.93. There were 1,589 bales ginned there that season. That there is a total average cost per bale, without taking into account depreciation of the ginning property, \$4.78, as shown by the books of the gin. I also on this statement, which I desire to introduce in evidence and have it made a part of this record, have each of these items figured out as to the exact cost of each of these miscellaneous items per bale. For instance, the labor was \$1.73, repairs \$1.09, fuel 57 cents, lubricating oil 03

cents, insurance 12 cents, taxes 8 cents, interest and exchange 10 cents, gin expenses 6 cents, water 2 cents, stamps and stationery 3 cents, bagging and ties 67 cents. We introduce this as Exhibit "A" and ask that it be made a part of this record. And I want to apologize to you, Mr. Corley.

Mr. Johnson: Now the complainants in this case are willing to take Mr. Corley's statement as to the gin at Bristow as to the 414 actual cost, but we are not willing to accept the figures offered by counsel for the defendants in this case and we ask the Commission to strike them from the record and disregard them, for the reason that nobody is responsible for the figures as offered to the court at this time by counsel.

Mr. Hoffman: I desire to offer into the record that the Commission have their auditor audit the books and ascertain whether or not these books are correct at any time and place.

Mr. Johnson: All we want is somebody to become responsible for the figures. The facts are, I understand easy enough how it is to figure expenses of a cotton gin on that kind of a basis. This Commission well knows there is not a cotton gin man in Oklahoma that does purely a custom ginning. They all buy cotton and the facts are that the expenses offered are the expenses of buying.

Mr. Hoffman: We challenge that statement.

Commissioner Henshaw: Of course, figuring these expenses the buyer and the Superintendent if he is the cotton buyer or that fellow that don't do anything, if there is one I mean, so far as the 415 actual operation of the gin is concerned; he shouldn't be figured in any figures that is a part of the other business. It is true that there is no figures of that character in this record, but if there is just leave the amount out.

Mr. Hoffman: I submit that is the cost of putting out that cotton.

Mr. Johnson: It is an unfair proposition to offer to the Commission a statement of that kind where the buying and ginning is figured in together. If there is a loss on cotton in buying then we can't stand it as ginners.

Commissioner Henshaw: No.

Mr. Johnson: And the incidental expense.

Commissioner Henshaw:

Q. How many men did you have there that year?

The Witness:

A. Foreman, suction man and a gin man, two at the press and the office man. Six men.

Q. What did you do.

A. I was the Superintendent.

Q. You are the man I was trying to eliminate, wasn't it.

Mr. Johnson:

Q. How large a gin is the Bristow gin?

A. A four 70 saw gin plant.

Q. Has it got average ordinary modern equipments?

A. Yes sir.

Q. An ordinary outfit?

A. Yes sir.

416 Q. How many men does it take to run a gin of that kind?

A. Takes a foreman, ginner, suction men—no suction man—

Q. Just for ginning now.

A. Foreman, ginner. Foreman, ginner, two at the press. Four men. That is for custom ginning. I have run custom gins for 30 years.

Commissioner Henshaw:

Q. Now then that is a custom gin?

A. Yes sir.

Q. Now how many men did you have at that gin and what were their duties not connected with the custom gin.

A. There was the suction man and the weighman and then I was there too.

Q. You were the buyer.

A. There was three of us.

Q. Then the way you operated—where a gin operates now under the present system of buying cotton it takes three additional men.

A. Three additional men.

Mr. Johnson:

Q. But four will do the custom ginning?

A. Yes sir.

Q. Now what did you pay your foreman?

Mr. Hoffman: Objected to as not the best evidence. He said a while ago he didn't know.

Commissioner Henshaw:

Q. Do you know what you paid them by the day?

A. Yes sir.

417 Mr. Johnson:

Q. The foreman?

A. \$2.50.

Q. Ginner?

A. \$2.50.

Q. Press men?

A. \$2.00 apiece.

Q. How much experience have you had in ginning?

A. I have been running a gin for 40 odd years.

A. Anything about a gin that you don't understand?

A. I don't think there is much.

Q. Do you know how much it costs—do you know what the fuel expense is for running a day on a plant similar to the one you have described?

A. About \$6.00.

Q. What other expenses are necessary in running a plant of that kind.

A. Oil and water.

Q. What is oil worth?

A. 50 cents worth of oil.

Q. 50 cents a day?

A. Yes sir.

Q. What will water be worth?

A. About 50 cents a day.

Q. What other expense is necessary in doing custom ginning?

A. Well that is about all I think, except the repairs and taxes and insurance.

Q. Do you know anything about the price or value of a plant similar to that you have described?

418 A. Yes sir. We bought one about eight or nine years ago, about nine or ten.

Q. What was the expense?

A. About \$7,000, close to it, not quite.

Q. Where did you operate. Where was that put up?

A. In Chandler.

Q. That is one of the gins that is now here?

A. That is the gin owned by the Chandler Cotton Oil Co.

Q. Standing idle this year?

A. Yes sir.

Q. Now on a plant similar to that. It was sold some time ago.

A. Yes sir.

Q. Do you know what it brought?

A. No sir.

Q. Did it bring its full value, do you know?

A. No sir.

Q. What do you figure the average life of a plant similar to that?

A. About 15 years, as a general run if they are taken care of. It depends on how they are taken care of. That gin will be good for longer than that.

Q. Well with ordinary care and management you estimate it 15 years?

A. Yes sir.

Commissioner Henshaw:

Q. Do you have any idea about what the average repair bill for a gin of that character one year with another is?

419 A. No sir. I can tell you what we done. We taken—we only put in \$1,800 on the gin when we bought it. And every man taking a share, \$25 share, he got two shares. The gin was to work it out and we lacked \$2,000 of having shares enough to take this up on the first year. We paid—the first and second year we paid out that other share and declared the second year a 16 per cent dividend on the \$50—a man taking \$25 he had \$50 due so it worked out \$25—16 per cent on the \$50 made him 32 per cent.

Q. I didn't know anybody but railroads knew how to water stock,

A. We got that one. And each bought shares again, the other share. We got 96 per cent on what we paid in, 48 per cent dividend on the third year, leaving \$2,000 still behind.

Mr. Peck:

Q. Are you still running that gin at those figures?

A. No sir.

Commissioner Henshaw:

Q. Is that the profits accruing from the ginning or were you buying cotton?

A. No sir, bought cotton outside of the gin.

Q. And no other profits were included?

A. No sir.

Mr. Johnson:

Q. What did you charge for ginning?

A. \$2.75 a bale and wrapping.

Commissioner Henshaw:

Q. How many bales did you gin a year?

A. Something over 2,000.

420 Mr. Johnson:

Q. Did you not as a matter of fact gin 2,200 bales or more or about that?

A. Yes sir.

Q. Are you familiar with the conditions in Chandler as to how much cotton was ginned last year?

A. No, sir; I never did find out from the gins what each gin ginned, but I suppose about 6,000 bales.

Commissioner Henshaw:

Q. Now suppose we estimate 2,000 bales for the average gin on a four stand gin. On that basis it would take three gins to gin the cotton at Chandler. 2,000, would that be too much or too small?

A. No, sir; I think that is about right.

Q. Then we figure up what it will take to gin 2,000 bales on the basis of your four men proposition; depreciation on the basis of, I doubt if we should go more than 12½ years, you said 15, some will last 25 and some less, but that that lasts less is always charged up to operating expenses. Well, on that basis, perhaps—now I see the most difficult thing to arrive at is what ought to be and what is the true repair bill. Of course there is years you let the gin run for four or five years and then make a re-hauling for that year. You make a re-hauling that year and maybe spend almost as much as your income for that year trying to renew your gin. That ought to be spread out over the whole five years.

Mr. Johnson: Now in figuring the total depreciation and value

of the machinery now don't you get your wear and tear and repairs all in it?

421 Commissioner Henshaw: That is taken care of out of expenses.

Mr. Johnson: If you base the average life you include the wear and tear.

Commissioner Henshaw: Now at what period in the gin's life is it worth practically nothing?

The Witness: We have to either buy a new one or repair that one.

Mr. Johnson: Of course if you replace all the old parts all the time you will have a new gin so that your repair bill can all be taken care of.

Commissioner Henshaw: You think that would be about 15 years?

The Witness: Yes, sir.

Commissioner Henshaw: What do you say about that, Mr. Clayton?

Mr. Clayton: I think that a gin should last 12 to 15 years if kept in good repair out of operating expenses.

Commissioner Henshaw: Now shall we proceed?

Mr. Hoffman: I don't think we are getting anywhere.

Commissioner Henshaw: I don't either. I am going to base my opinion in this case on facts. I will stay if it is necessary, but don't want to stay unless I can do some good.

Mr. Johnson: Now if we eliminate the testimony of Mr. Clayton in the case, as I understand the court intends to do—

Commissioner Henshaw: Not eliminate it, but don't intend to give it much weight. Not but what I believe what he said.

Mr. Johnson: But what I understand the court wants to know is the actual operating expenses of the square bale system.

422 Commissioner Henshaw: Well, yes, or any system that is operated for the purpose of ginning custom cotton. That is, cotton for a profit.

Mr. Hoffman: That is a question we had at the beginning here last year. That is the basis of this.

Commissioner Henshaw: Of course this year, we couldn't base anything on this year, because all gins are going to lose money this year.

Mr. Johnson: Now we will take the statement of Mr. Clayton for facts.

Commissioner Henshaw: We needn't worry about the facts because we analyze everything and we are not going to decide this case except upon reliable testimony, if I write the opinion. I have never been reversed yet and I am not going to be.

Mr. Peck: I desire to introduce this in evidence with the statement that this does not include the wages of the cotton buyer.

Mr. Johnston: We will object to this statement going into the record as not being properly authenticated.

Commissioner Henshaw: Let it go in for what it is worth. You see this is just an investigation like you would be before a legislative

committee before the legislature. We hear everything, but we hold it down to facts.

423 (Itemized statement of operating expenses in the operation of the gin of the Oklahoma Gin Company at Chandler, is introduced in evidence, marked for identification as Okla. Gin Co. Ex. "A," made a part of this record and is in words and figures as follows, to-wit:

"(Ex. "A," OKLA. GIN CO.)"

Chandler.

Operating Expenses.

Lubricants .....	.0064	\$58.35
Stationery and Supplies .....	.0007	6.00
Fuel .....	.0993	905.13
Covering .....	.1251	1,140.17
Salaries .....	.1393	1,270.00
Labor .....	.2294	2,091.05
Operating repairs .....	.0695	634.15
Initial repairs .....	.1123	1023.70
Insurance .....	.0125	114.30
Incidentals .....	.0228	208.50
Exchange .....	.0010	9.32
Interest .....	.0216	196.97
Water and Light .....	.0095	87.00
Drayage .....	.0582	520.80
Rentals .....	.2200	2004.75
Garnett errors .....	.0037	33.92
	1.1313	\$10304.11

Ginning:

2356 Company Bales	566379#
1360 Custom Bales	344871#
3716 Total Bales ginned.....	911250#"

424 Mr. Johnson: I would like to either go on with the evidence now until the Commission is satisfied or else have an understanding as to when and how the balance of the testimony will be taken.

Commissioner Henshaw: Let them get up their statements.

Mr. Johnson: Will they be affidavits?

Commissioner Henshaw: No, I don't care anything about it being sworn to, but give you a copy and you criticise it and then I will come up and put all your witnesses under oath and let you examine it as long as you want to, but let's get your evidence in shape to introduce. I will get it under oath if it is not submitted by agreement.

Mr. Johnson: How soon is that to be done.
Commissioner Henshaw: Next week.
 (Witness excused and case continued.)

425 Cause No. 1686.

Before the Corporation Commission of Oklahoma. In Session at Oklahoma City, Oklahoma, September 29, 1913.

A. E. MASCHO and L. C. G. CORLEY, Complainants,
 vs.

THE CHANDLER COTTON OIL COMPANY, D. R. OWENS, L. H. ROONEY,
 KATE GORDON, and THE OKLAHOMA GIN COMPANY, Defendants.

(*Amended Complaint.*) *Alleging Discrimination.*

(Before Examiner Patton.)

Appearances:

For the Complainants: (Not represented.)

For the Oklahoma Gin Company: H. M. Peck.

For the defendants, D. R. Owens, L. H. Rooney, Kate Gordon:
 Hoffman & Foster, by Mr. Hoffman.
 J. K. Moore, Stenographer.

426 Mr. JOHN HAGEL, Being first duly sworn, testified as follows:

Examiner Patton: Give your name to the stenographer?

A. John Hagel.

Q. Have you testified in this case, Mr. Hagel?

A. No sir; I have not.

Mr. Peck:

Q. Mr. Hagel, are you interested in the cotton business?

A. Not directly, I am employed by Mr. De Bolt.

Q. How many gins does Mr. DeBolt run in this state at the present time?

A. Eight gins.

Q. At what places?

A. At Choctaw, Jones, Nowalla, Edmond, Harrah, McLoud, Allen and Castle.

Q. Are those round bale or square bale gins?

A. They are all square bale gins except one.

Q. Which one is a round bale?

A. The one at Castle.

Q. Have you computed the cost on ginning at those various gins?

A. I have at the gins that we operated in the past.

Q. What gins are those—the same that you have mentioned here?

A. No; we have only operated from four to five the previous seasons, and we operate eight this season.

Q. Then you have computed as to the cost of ginning at four or five gins?

A. Yes sir.

Q. For the past three seasons?

A. Yes sir.

Q. You may offer the computations that you have made, stating to the Commissioner, in detail, the cost of ginning at each one of those gins, beginning with the first on your list and go through them?

427 A. Do you want me to give each item or to give the total average cost at each plant and the number of bales?

Examiner Patton:

Q. Well, I think the Commission would desire some information along the details and elements of expense.

A. 1910 to 1911—this is the season 1910 to 1911 at Jones. This is computed on the basis of a square bale. Ginned 521 bales. Payroll and labor was 198 cents, repair 17 cents, bagging and ties 68 cents, fuel and oil 110 cents, general expenses 30 cents, insurance 23 cents, miscellaneous 7 cents, making a total of 453 cents. The taxes have not been paid, are not a part of the above; no interest has been figured on the investment and no depreciation. At Choctaw—

Examiner Patton: Now, let us take up one of those at a time, Mr. Hagel, and I think it would be better to take up the next year at Jones.

A. Season 1911 to 1912—ginned 525 bales; the payroll and labor 196.3 cents, repair 60 cents, bagging and ties 71.9 cents, fuel 90.6 cents, oil 6.3 cents, general gin expenses 19 cents, insurance 22.9 cents, miscellaneous 18 cents; a total of 485 cents. It again includes no taxes, no interest on the investment and no depreciation.

Examiner Patton: Now, what were your prices for ginning at Jones the two seasons?

Mr. Peck: Was that Jones or Choctaw.

A. This is all Jones. (Answering Mr. Patton's question) I have no record here, but I think it was \$3.50.

Examiner Patton: Well, would the gins at the various plants show such a deficit as that?

A. Well, at some more, and at some less; it varies.

Examiner Patton: Well, let's see now, for the past three seasons

Mr. De Bolt was only operating four or five gins?

428 A. Yes, sir.

Examiner Patton: Well, if all those gins showed a loss like that, why would he want to get further into the business?

A. We are not trying to get into the gin business further; we are trying to get into the cotton business.

Mr. Peck: How much of that gin-ed at Jones during the first year that you have given was custom gin-ed?

A. It does not itemize it for the first year; the second year it was 45 bales.

Q. How many bales did you gin the second season?

A. 525.

Q. And 45 of that was custom gin-ed?

A. Yes, sir.

Examiner Patton: Now, you have labor there in that second year, how much was that payroll per bale?

A. 196.3 cents.

Q. Well, now how many people's wages does that include?

A. That varies; we keep a Manager employed, a ginner, engineer, suction feeder, a pressman and a packer, but we don't keep these men employed during the entire season; in fact, during the latter part of the season we try to run all our gin plants with one gin crew by ginning only certain days of the week, especially with those gins that are situated closely together.

Q. What size plant have you at Jones; how many stands?

A. 4 70-saw.

Q. How many bales per day would that plant gin if operated to its capacity?

A. If operated to its capacity, it would turn out from 30 to 35 bales per day.

Q. What would your daily payroll on an average be for that plant? Approximately?

429 A. About 15 dollars.

Q. How many days a week do you gin at Jones?

A. We try to operate continuously during the heavy part of the season at all the plants.

Q. At all the plants?

A. Yes, sir.

Q. Then you can't run with one gin crew, that is at the beginning of the season?

A. Now, sir, not at the beginning of the season.

Q. About what period in the season would you begin transferring, that is your crew, from one plant to another?

A. Usually about the first of the year.

Q. You operate a full crew for each plant up to Christmas or the first of the year?

A. Yes, sir.

Q. What salary or wages do you pay your managers?

A. 75 dollars a month.

Q. How much your engineer?

A. The engineer, \$2.50 per day.

Q. And the ginner?

A. Three dollars per day.

Q. Your pressman, how much?

A. \$2.00 per day.

Q. And your packer?

A. \$2.00 per day.

Q. And your suction feeder?

A. \$2.00 per day.

Q. Do those plants in the first of the season, do they run pretty well up to the capacity?

A. No, sir.

Q. Do they ever run up to the capacity?

A. They do at times, due to unforeseen conditions, because for instance last year at Jones, the Frisco Railroad did not furnish us any cars for about sixty days and we had to pile up the cotton and then we were in continuous operation for a couple of weeks and tried to run in full capacity.
430

Mr. Peck: What further data do you have on the Jones gin, Mr. Hagel?

A. At Jones, for the season 1912 to 1913, payroll and labor 115.8, repairs 18.9, bagging and ties 67.5, fuel 54.5, oil 3.1, general gin expenses 10, insurance 13.4, taxes 4.2, miscellaneous 7.7, hauling 11.6, freight and express 1.1—a total of 307.8 cents.

Examiner Patton: How many bales did you gin that season?

A. That does not include depreciation on the plant, nor the interest on the investment.

Examiner Patton: No taxes?

A. Yes, the taxes are in this year. We gin-ed 1207 bales, out of which there were 63 customs.

Mr. Peck: Do you own the gin at Jones?

A. Yes, sir.

Q. How long has that gin been built?

A. It was first built about 13 years ago and then was completely torn down and built new possibly about eight years ago.

Q. I will ask this question—have you had this gin appraised?

A. We have had all gin plants appraised in the last thirty days.

Q. By whom?

A. By the J. D. Wood Appraisal Company of Dallas, Texas.

Q. What appraisalment was made of this gin plant by these gin people?

A. The Jones gin was appraised as being of a new value at the time it was built, \$9,133.35, which does not include the foundation, nor the well—the construction of the well—nor the real estate on which the plant is located, nor six hundred dollars that was expended for the location of a side track to the plant.
431

Q. Including those items that you have mentioned as not being included in this appraisalment, what would be the new cost of that Jones gin, Mr. Hagel?

A. It would be between ten and eleven thousand dollars.

Examiner Patton: About what is the rate of depreciation on a gin plant?

A. It is estimated at—that a gin will last all the way from ten to 15 years, and I figure that an average of about 12 and one-half years is the life of a gin-plant.

Q. How long will gin stands last?

A. I have been with Mr. De Bolt about eleven years and during this time we have at some of our gins had two different kinds of gin stands in operation. We have replaced some of them once and at others have replaced them twice during that time.

A. Well, do those gin stands have any salvage value when they are taken out of the service?

A. Only as junk.

Q. About what is the average life of a steam boiler and engine used in gin plants?

A. Steam boiler, I would say the average life would be not to exceed ten years.

Q. Are all your gin plants built of wooden structure?

A. They are wooden structure with galvanized roofing and some are galvanized buildings.

Q. About what would be the average life of wooden structures with the galvanized roofing?

A. If they were keep in proper state of repairs they would last from 15 to 20 years.

Q. You think the average life of the entire plant—all equipment and buildings—would be something like 12½ years?

A. Yes sir.

Q. That would make a rate of depreciation one-eighth of 432 the original cost of the plant?

A. That is provided that you are not forced to buy more improved machinery during this length of time, in which case the rate of depreciation may be more than that.

Q. That is when machinery becomes obsolescent and you have to replace with more modern machinery?

A. Yes.

Mr. Peck: You may take your next gin and give us your figures?

A. At Warwick——

Mr. Peck: I might state that Mr. Hagel has not this in shape so he can file it as an exhibit.

A. From 1910 to 1911 we ginned 473 bales; the payroll and labor was 142, repairs 3, bagging and ties 68, fuel and oil 66, general gin expenses 30, insurance 19, taxes 10, miscellaneous 19, total of 357 cents, which includes no interest on the investment nor depreciation.

Examiner Patton: Have you a competition plant at Jones or Warwick?

A. We did at Warwick, yes sir.

Q. What were your ginning rates there?

A. \$2.75.

Q. How many custom bales out of this four hundred and some odd were custom gin-ed?

A. I have no record of that here, but I would estimate it as being in the neighborhood of one hundred bales.

Q. Why would you place that estimate higher than the figure for custom ginning at Jones?

A. Because of the low price of ginning.

Q. What was your reasons for the \$2.75 price?

A. To get the cotton away from Chandler.

Q. How far is Warwick from Chandler?

A. I think it is about five miles, I am not sure.

433 Mr. Hoffman: No, it is about 8 miles.

Examiner Patton: What other points are competitive with Jones, Mr. Hagel——

A. Jones itself?

Q. You have a competitive plant there?

A. It was the first two years that I stated here—Jones had competition the first two years and not the last year.

Q. What became of the other plant?

A. It is standing idle.

Q. Do you know of the reason why it is not operated?

A. It lost enough money the previous years.

Q. Did your people have any arrangement with the competitive plant under which they were not to operate the last season?

A. No, sir.

Mr. Peck: Go ahead and give the 1911-1912 figures.

A. 1911 to 1912 payroll and labor 230, repairs 32, bagging and ties 63, fuel 41, oil 6, general expenses 19, insurance 21, taxes 10, miscellaneous 21; total of 443 cents.

Q. How many bales did you gin there?

A. 421 bales, out of which there were 61 custom bales.

Examiner Patton: What was your ginning rate for that season?

A. At that time we had increased to \$3.50.

Q. Why was that labor expense so much higher than for the previous year—I believe you stated it was 268?

A. No, 230 cents; that compares with 142 cents for the previous year. It is probably on account of the season, that is, the length of time that we had to keep labor employed in order to do this ginning.

Mr. Peck: Have you the record of that gin for the next year?

A. I have the record of the gin for the next year, but we had lost enough money at Warwick, and we moved the gin.

434 Q. Where to?

A. Castle.

Q. Then your first record at Castle is for the year 1912 to 1913?

A. Yes, sir.

Q. You may give us that at this time then?

A. The payroll and labor 222, repairs 60.7, bagging and ties 57.2, fuel 66.6, oil 1.8, general expenses 10, insurance 39.3, taxes 10.2, miscellaneous 39.2, hauling 54.3, freight and express 3.4—a total of 564.7 cents per bale, which does not include interest on the investment nor depreciation of the plant.

Q. How many bales did you gin there that year?

A. Gin-ed 578 bales, of which 70 were custom.

Q. You say the reason for moving the gin was because you had lost money at Warwick?

A. Yes, sir.

Q. You had reduced the price of ginning custom cotton to \$2.75 per bale?

A. Yes, sir.

Q. And found that did not get enough cotton to permit you to make any money out of your seed cotton?

A. There were two gins at the place and they did not get enough cotton to pay expenses?

Q. Who owned the other gins?

A. The man that owned it first, I think when we put in the \$2.75

ginning price he went bankrupt, and since then I believe it is owned by the Chandler Cotton Oil Company.

Q. At the time you made the price \$2.75, did your competitor reduce his price to the same figure?

A. I don't know.

435 Q. You may give us the figures for your next gin for the year 1910-1911?

Examiner Patton: Just another question—what is the appraisement of your plant at Castle?

A. New value is \$10,188.42, which does not include the real estate, nor well that cost about one thousand dollars and the foundation for the building.

Q. Total value of your plant would be about how much?

A. Would be in excess of twelve thousand dollars, or close to it.

Mr. Peck: How about the real estate?

A. Well, I am figuring that in.

Q. That appraisement was made by the same concern that you mentioned before?

A. Yes, sir.

Q. You may give us the appraisement of the Warwick gin?

A. I haven't any. Neither does this include the value of the round bale press that is located in the Castle gin. It is simply leased and is not owned, and is not a part of the appraised value of the plant.

Examiner Patton: Is the round bale press operated?

A. Yes, sir.

Mr. Peck: You may take your next gin and give us your figures for 1910 and 1911.

Examiner Patton: That hauling what is that item?

A. Possibly some of it is for hauling water and some for hauling seed.

Q. What were your ginning rates at Castle for that year?

A. \$3.50.

Mr. Peck: What do you estimate the additional cost per bale required by this necessity of securing water elsewhere at Castle?

A. Something like 20 cents per bale.

Q. You may go ahead with the next gin.

436 A. Now let's see; Choctaw is the next one. Season 1910 to 1911, gin-ed 649 bales, payroll and labor 126, repairs 5, bagging and ties 68, fuel and oil 75, general gin expenses 30, insurance, miscellaneous 12; total of 334 cents, which does not include taxes, depreciation of plant nor interest on the investment.

Mr. Peck: How many of those bales were custom ginned?

A. I have no record, but I don't think it would exceed 10 bales for that plant.

Examiner Patton: Who buys the seed cotton at the various plants—your Manager?

A. Yes, sir.

Q. How did you apportion your Manager's salary between his work of buying and managing the plant?

A. That is all included in the cost of the ginning as listed here.

Q. Well, isn't he maintained largely for the purpose of buying seed cotton at your various plants?

A. Yes, sir.

Q. Do you think it is hardly fair to the ginning business to include all of his salary as Manager of the plant?

A. That depends upon whether you look at this question from a theoretical or from a practical viewpoint. If you will look at it from a theoretical viewpoint and can conceive of a gin doing nothing but custom ginning and estimate the price of the custom ginning on that basis, you would in all duty be bound to have a manager in charge of the plant, and so the cost of the ginning wouldn't be reduced in any way below the cost at which it is estimated here.

Q. Well, the bulk of his time was given to buying, wasn't it?

A. If you count that in actual minutes. The buying of 437 six hundred or seven hundred loads of cotton, and say that it takes ten minutes to buy each load and pay the check for it, that would be something like six thousand minutes, I believe, or about one hundred dollars, so that his presence is required as much for the purpose of looking after the plant and to see that it does its work properly. He has to stay around there waiting for cotton to come in to buy.

Q. Well, he is expected to buy at such prices as will give the company a profit, isn't he?

A. If possible, yes, sir.

Q. And I believe you stated a little while ago that the company has extended its business to get into the cotton business rather than into the ginning business?

A. Yes, sir.

Q. Are there any other employes a portion of whose time is given to the buying or that have to do with the buying?

A. At some plants, yes, sir. In those places where we have competitors we have a man on the street buying cotton.

Q. Do you include his salary?

A. That doesn't apply to the Jones, Choctaw nor Warwick gins—the three plants that I have testified on.

Q. Well, those plants where you do maintain a street buyer, have you included his salary as a ginning expense?

A. Yes, sir; but I think that should be deducted.

Q. What salary do you pay street buyers?

A. About fifty dollars per month.

Q. What was the last plant you testified about there?

A. Choctaw.

Mr. Clayton: May I be permitted to ask one question?

Examiner Patton: Certainly.

438 Mr. Clayton: Mr. Hagel, at those plants at which you gin-ed about five to six hundred bales, including the custom ginning, that you sell and purchase seed cotton, had you operated those plants for the purpose of custom ginning alone and and had refused to gin cotton—to buy seed cotton, how many bales would you probably have to receive at that gin to be able to have gin-ed at that gin—any more than you have shown custom gin-ed at those points?

A. I suppose we would have received a little more cotton than that, but in these particular points, the farmers sell their cotton as seed cotton and do very little custom ginning.

Q. Assume at them you should have — keep your plants open for custom ginning alone and that you custom ginned 250 bales and that the seed cotton you bought would have gone to other gins in bordering towns, would the cost of ginning that 250 bales been more per bale than the average you have shown?

A. Yes, it would be a good deal higher because certain fixed overhead expenses would have to be apportioned on the lesser number of bales.

Q. It would have been necessary for you to keep practically the same crew there as you did keep?

A. Yes, sir.

Examiner Patton: You would have run your plant every day in the week for custom ginning?

A. We would during the time that cotton is coming in steadily.

Mr. Clayton: As a matter of fact, when you are doing only custom ginning, is it necessary for you to keep your plant open more days in the year than where you are buying seed cotton?

A. Yes, sir; a great deal more, for the reason that you would have to keep steam up at all times to be able to gin, whereas when you buy cotton we sometimes throw it off by hand into our cotton house,

439 or at one plant—at Castle—we have a fuel oil engine that we can operate for the purpose of sucking the cotton off and throw it into the house and gin only when we have the house full of cotton.

Mr. Clayton: That could not be done if you were open for custom ginning alone?

A. No, sir; not at all.

Q. You would have to keep your crew there every day. When a bale comes to town—the custom ginning—it must be done then?

A. Yes, sir.

Mr. Peck: Go ahead with your next statement with Choctaw, for the year 1911 and 1912.

A. 1911 to 1912, Choctaw—Repairs 47 cents, bagging and ties 86 cents, fuel 70 cents, labor 194, insurance 14 cents, taxes 4 cents, oil 6 cents, freight and express 3 cents, general gin expenses 17 cents, miscellaneous expenses 15 cents; total 456 cents.

Mr. Peck: How many bales were ginned there that season?

A. 968 bales.

Q. Of that number how many were custom ginned?

A. It does not show the number here, but it was in the neighborhood of two hundred bales.

Examiner Patton: What was your price, Mr. Hagel?

A. \$3.50.

Mr. Peck: Have you the figures for the next year, that item?

Examiner Patton: Your item of insurance, Mr. Hagel, how is that computed—on the bale basis?

A. We figure the insurance on the gin plant—what we actually pay on the plant itself and divide that by the total number of bales ginned at that plant. The plant is insured all the way from thirty to forty per cent. of its value; some as high as fifty per cent. and the insurance given here as being paid is only the insurance that we actually pay to the insurance company for a part of the insurance on the gin. In other words, we carry the bulk of the insurance ourselves. We assume the risk ourselves and don't count this assumed risk as a part of the ginning cost.
440

Examiner Patton: Do you carry any insurance on the cotton in storage?

A. No, sir.

Q. You carry that risk?

A. Yes, sir; we are carrying insurance this year, but we have not during the previous years, except at times when we had a little cotton on hand, and we would then sometimes take out insurance for a few days.

Mr. Peck: Does your insurance charge include liability or boiler insurance?

A. No, sir.

Q. What does it include?

A. It only includes the plant itself.

Q. Against fire?

A. Against fire and I believe tornado.

Q. You carry your liability and boiler insurance yourself and that isn't figures in your item of expense?

A. No, sir.

Mr. Hoffman: Just one point I wanted the witness to detail. In your judgment, is it possible under the conditions prevalent at the points, or in the vicinity where your company has operated gins in the last few years, to operate gins and do solely custom business?

A. No, sir.

Q. In other words, I understand you that were it not for the fact that you buy cotton in the seed and do your own ginning that you could not operate a gin at any of these points except at a great financial loss?

A. Yes, sir.

441 Q. The condition of the cotton business, as it has grown up and developed in the state at the towns you have named, makes it necessary for a ginner to buy cotton in the seed?

A. Yes sir; for two reasons, one, to secure a larger amount of cotton to gin at its plant so as to reduce the costs of ginning per bale and the other reason is that the farmer insists on selling his cotton in the seed, and in fact when he has less than a bale, he can't do anything else but sell it in the seed.

Q. Doesn't the fact that it is known that ginners are invariably buyers of cotton in the seed operate to bring custom cotton to the gin?

A. Not always; in some localities there is a tendency on the part of the farmer to sell his cotton outright rather than to custom gin.

Q. In other words, assuming the condition which you say is impractical—if a gin is operated solely for custom ginning, would your gins, if so operated, at the points you have mentioned and the years for which you have given the figures, received as much custom ginning as you otherwise did?

A. Yes, I think we would have received every bit as much custom ginning, possibly a little bit more than we did.

Q. That is, by operating your plants all the time?

A. Yes.

Q. No, that was not the idea I wanted to know; I was trying to get at the fact which I understand to be, that by your buying cotton in the seed you thereby get more custom ginning than you otherwise would. If you were not buying cotton in the seed, would you get as much custom ginning, as you do?

A. I don't know.

442 Q. Of course, as you say, that is an impractical condition—that a man would be insane to attempt to run a gin where he didn't buy cotton?

A. I think so.

Q. It is an impossibility then to separate those items of cost of the buyer and other help around there, which you say increases the cost somewhat of ginning, by reason of the fact that that help is necessary, invariably, in every gin?

A. Yes; it is impossible to separate the actual items of expense chargeable to buying and ginning, excepting to take a theoretical basis and say that we will assume that we can custom gin five hundred or a thousand bales at a plant and do it on the basis of custom ginning and consider in this statement no item of expense that would be incurred in case there was no buying done whatsoever.

Q. Because buying is a necessary adjunct of ginning?

A. Yes sir.

Mr. Clayton: You take in one of your plants, had all that work been done for custom, would this expense have been any less than it is there?

A. Yes, it would have been.

Q. How much?

A. Possibly in the neighborhood of 25 to 30 cents per bale.

Q. By what reason—what other expense would you have eliminated?

A. I would have eliminated the hauling or the loading of the seed which the farmer would have taken away if it had all been custom ginning or if we hadn't bought his seed.

Q. But it would have still left your ginning in excess of four dollars average?

A. Yes sir, a great deal in excess of four dollars, if anything is counted for interest on the investment and the depreciation of the plant.

443 Mr. Peck: Have you had the plant at Choctaw appraised, did you give us that appraisalment?

A. Yes, and the new value of Choctaw plant is \$9,529.40, which does not include the well, foundation, nor real estate nor trackage facilities.

Q. Taking it altogether, what would you estimate the appraisalment at?

A. In excess of ten thousand dollars.

Q. Well, the figures that you have just given were for 1911 and 1912?

A. Yes sir.

Q. Will you give us the figures for 1912-1913?

A. 1912 to 1913, Choctaw; payroll and labor 183, repairs 21.5, bagging and ties 60.2, fuel 54.8, oil 3.9, general ginning expense 10 cents, insurance 17.4, hauling 14.7, freight and express 2.5; total 394.7 cents, which includes no depreciation nor interest on the investment. We ginned 930 bales, out of which were 151 custom bales.

Examiner Patton: Your rate was the same as the previous year?

A. Yes sir, \$3.50 per bale.

Q. What makes up the item of general ginning expenses?

A. It is things that we buy for all the plants and sent out from here without keeping track of which places it goes—such items as oils, leather and matters of that kind, that we don't buy for one plant.

Q. What is your position with the company?

A. Manager.

Q. General Manager, with headquarters in Oklahoma City?

A. Yes sir.

444 Q. Do you—in making up this statement, do you apportion your salary among the various gin plants?

A. No sir.

Mr. Peck: Do you apportion any office expense here in the city among the gin plants?

A. No sir.

Examiner Patton: You don't include any item of general office expense?

A. No sir. The only items of office expense that are included in here are telephone messages between the gins.

Q. What makes up the item of miscellaneous expense at the various plants?

A. Things that the manager buys, usually with cash, such as brooms, coal oil, lanterns and little things that they have to have each year around the place to keep it in condition.

Mr. Clayton: In the vicinity of these gins, what is your opinion as to the condition of the crop this year as compared to the last year's crop?

A. The estimates vary all the way from forty to seventy-five per cent.

Q. Of last year's crop?

A. Yes sir.

Q. So then under the present conditions, what percentage of last year's ginning can you hope to do this year?

A. I have figured on an average of between sixty and sixty-six per cent.

Examiner Patton: Will your expense—the aggregate of the expenses for each plant be practically in the neighborhood of what it was last season, regardless of the number of bales you might gin?

A. No sir; it will be reduced on some items, as, for instance, the bagging and ties will be less according to the number of 445 bales ginned; the coal consumption is cut down to some extent by ginning less bales, but not proportionately, because we might operate as many days this year as we did last year; the same holds true of the oil. On the other hand, insurance, taxes will be the same. Labor cost will be cut down some.

Examiner Patton: Your insurance and taxes would appear to be greater per bale?

A. Yes sir.

Q. And your labor expense how would that be?

A. The labor expense, as far as the Manager, the Engineer and the Ginner are concerned, will be practically the same because we have to keep those men and contract for a certain definite time.

Q. But the other men—?

A. The cheap labor will be somewhat less because we can pick that up as we go along.

Mr. Peck: What do the repairs consist of at these various gins as you have itemized them here?

A. Some years, particularly these years stated here, they consist of the necessary repairs that are needed to keep the gin in running condition.

Q. Are these figures that you have given us an average for a number of years?

A. Yes, these figures that I have given show all the repairs that we actually put on these plants in those years.

Q. What I mean is this: would an average for the three years that you have given us for those gins be an average for a number

of years or has there been any unusual expense for the past few years?

A. It shows an unusual expense at Castle of 60.7 cents per bale.

Q. What caused that?

446 A. It required more repairs incidental to the moving of the plant from Warwick to Castle, but at other points we have done very little repairing until after the close of last season, and this season, beginning this year, we have completely overhauled our plants, painting them, putting in new boilers in some of them and so the average for a longer term of years would be higher than the average I have given here on these plants.

Q. What would you say as to the necessary of replacing machinery that has become obsolescent in the cotton business?

A. It is necessary from an economical viewpoint to always secure the best machinery that there is on the market.

Q. What changes have been necessary in the last few years in the cotton ginning business because of new inventions?

A. We have had to replace in all of our gins the plain-dressed gins and put in in their stead the "huller" gin.

Q. At an expense of what average per gin?

A. In the neighborhood of one thousand dollars per gin. And then we have been forced to put in other cleaning apparatus at a cost at each plant of no less than five hundred dollars.

Q. What condition has forced that change?

A. Competition.

Q. What have you to say with reference to that new cleaning apparatus resulting in the cotton that is furnished you being dirtier than it formerly was?

A. It makes a better sample and the farmers having custom work done are able to secure more money for their cotton. And those that sell their cotton in the seed can sell their seed cotton at a higher price.

447 Q. Competition has demanded that these changes be made?

A. Yes, sir.

Q. What other changes have you made in the last few years because of obsolescent machinery?

A. We have installed a round bale plant at one of our gins.

Q. That is at the Castle gin?

A. Yes, sir.

Q. Are you now operating that round bale plant?

A. Yes, sir.

Q. Does it require more time to do custom ginning or ginning for yourselves?

A. It requires more time to custom gin.

Q. Why?

A. You have to use your entire gin machinery for ginning one bale and allow sufficient time to elapse for that bale to go through so as to not mix with the next customer's cotton.

Q. Were you ginning for yourself you could run right on through?

A. Yes, sir.

Q. How would you estimate the difference in the length of time

required to bale a custom bale of cotton or bale of your own cotton? What per cent. of increase time would you say would be required if you can estimate it that way?

A. I would think in the neighborhood of 15 per cent.

Q. Have you any other gins where you have kept the record as you have detailed to us here?

A. We have gotten as far as Choctaw.

Q. Yes, you have finished Choctaw?

A. We will take Edmond for 1910 to 1911; payroll and labor 173 cents, no repairs, bagging and ties 68 cents, fuel and oil 68 cents, general gin expenses 30 cents, insurance 34 cents, no taxes, miscellaneous 13 cents, a total of 386 cents, which includes no taxes, interest on the investment nor depreciation.

448 Mr. Peck: How many bales did you gin there?

A. 350 bales.

Q. Of that number, how many were custom ginned?

A. I don't know positively; I would estimate it at about 50 bales.

Q. What price did you charge for custom ginning at that place during that year?

A. \$3.50.

Q. And it has cost you \$3.86 per bale?

A. Yes, sir.

Q. What appraisement was made of that plant within the last thirty days?

A. The Edmond gin, new value in \$10,134.45, which does not include the real estate, which in this case amounts to close to one thousand dollars at Edmond; neither does it include the foundations for the buildings nor the well—hold on, there is not any well there, they have city water there.

Q. Are you required to pay for the city water you use on a flat rate or on a meter?

A. I don't know how they furnish it.

Q. Go ahead with the 1911 and 1912, Edmond gin?

A. Edmond—payroll and labor 193.1, repairs 23, bagging and ties 56, fuel 71.4, oil 3.5, general expenses 18, insurance 19, miscellaneous 17; total 404 cents, which includes no depreciation nor interest on the investment. We ginned 625 bales, out of which there were 200 custom bales.

Q. At what price?

A. \$3.50.

Q. Now for 1912-1913?

449 A. Edmond—payroll and labor 197, repairs 24, bagging and ties 65.7, fuel 68.4, oil 6.2, general gin expenses 10, insurance, 35.7, taxes 14.3, miscellaneous 7.2, hauling 14.4, freight and express 4.2; total 447.1 cents. We ginned 470 bales, out of which there were 107 customs.

Q. How do you account for the cost per bale being more during the year 1911 and 1912 when you ginned nearly twice as much cotton during the previous year?

A. The length of the season and the time we stayed open probably.

Mr. Clayton: That is very largely due to where the season is an

open season or is unusual, or whether it runs every ten days or two weeks with a labor payroll while you are doing no work?

A. Yes, sir.

Examiner Patton: How many men do you use in your plant at Edmond?

A. During this time that I am testifying about, use a Manager, Ginner, Engineer, Packer, man to tie out and a suction feeder.

Q. Are the salaries uniform among all your plants?

A. Approximately; at some places common labor can be gotten at \$1.75 and at other places we have to pay \$2.00.

Mr. Peck: I notice that you have given your repair bills, but have not estimated your depreciation; now take, for instance, that the depreciation would amount to 10 per cent. as a hypothetical case, what portion of that ten per cent. would you say would be covered by repairs?

A. That will vary; some years it may take all of it and more and other years it won't take hardly any.

Q. Are you striking an average for a number of years?

A. I don't know; I haven't given that.

Q. Could you figure it that way, that your repairs and depreciation would amount to a certain percentage of your investment?

A. Yes, I think that it would be at least on an average of one half of the depreciation; if you made the depreciation 10 per cent. I think that at least one-half would be taken up by repairs.

Q. Then you could figure a depreciation at about twice the amount you have put in for repairs?

A. Approximately so.

Q. What other gins have you the figure for there?

A. During the first of the season 1910-1911, we had a gin at Witcher that was idle; the next season we put that gin at Allen, and the season 1911 to 1912 for that gin shows: payroll and labor 218.3, repairs 13.3, bagging and ties 61, fuel 67, oil 4.3, general gin expenses 17.5, insurance 23.4, taxes 3.7, miscellaneous 76; a total of 484.5 cents. We ginned 771 bales, out of which there were 500 custom bales.

Q. At what price?

A. \$3.50.

Q. Have you the figures for the next year for that gin?

—. —.

Examiner Patton: What is the reason for that labor expense payroll being so high per bale?

A. Largely on account of the custom ginning that is done there; it requires us to be in operation more days than we would be at other gins where there is less custom ginning.

Witness: The next year?

Mr. Peck: Yes.

A. Payroll and labor 134.2, (that is for 1912 and 1913), repairs 41.8, bagging and ties 66.6, fuel 27.2, oil 2.6, general gin expenses 10, insurance 21.5, taxes 19.6, miscellaneous 22.5, hauling 26.9,

451 freight and express 1.6, and here is one item of yardage, 13.7, which really should be taken out of the cost of ginning, but including this item, the total is 388.2 cents.

Examiner Patton: How much was that item of yardage?

A. 13.7 cents.

Mr. Peck: How many bales did you gin?

A. 924 bales, out of which there were 485 custom bales.

Examiner Patton: At what price?

A. \$3.50.

Mr. Peck: What other gins have you the figures for?

A. Those are all the figures that I have on the actual operation of these plants.

Q. Now, Mr. Hagel, are you able, from the experience that you have had in the cotton business at these various points that you have given statements as to, to inform the Commissioner in a hypothetical case what it would cost to gin cotton at an average plant where one thousand bales were ginned per season?

A. Yes, sir.

Q. I wish you would give the Commissioner those figures?

A. I will take for the basis that the value of a plant is Ten Thousand Dollars. The interest on the investment, figured at eight per cent. on the investment in the gin plant alone, would be Eight Hundred Dollars. The repairing of the plant and the depreciation of the plant, figuring 12-1.2 years as the average life of the plant, would be per year Eight Hundred Dollars. The payroll of the plant doing nothing but custom ginning, figuring that it would require them to keep open five months, would be about as follows: An engineer for five months, paying him \$2.50 per day or \$65.00 per month—\$325.00. A ginner for five months at Three Dollars per day would be \$390.00. A pressman would be required only 452 during the heavy part of the season when the plant is in continuous operation. He would be on full time but a part of the five months, so that I would estimate that his total time would be in the neighborhood of three and one-half months during the entire season, which, figured on the basis of two dollars per day, would make \$182.00. The same for the packer—\$182.00.

Mr. Peck: The same length of time?

A. Yes, sir. The same for the feeder, the same length of time, \$182.00. The Manager for the entire period of five months at \$75.00 per month would be \$375.00. Bagging and ties, estimated on this year's basis, 1000 patterns at \$1.25 per pattern—\$1250.00. The fuel at an average cost of not less than 60 cents per bale—\$600.00. Lubricants at 3 cents per bale—\$30.00. The metal tags that we place on our bales, one cent each—\$10.00. The insurance which will cost five per cent. on whatever amount is insured, which should be on the full value of the plant, is \$500.00. The taxes \$100.00. Office expense, books, etc., \$25.00. A total of \$5,751.00, or an average cost of \$5,751.00 per bale. I have figured nothing for the services of an expert machinist that is required at times to get the plant into running condition when the men at the plant are unable to operate it. I have figured nothing for the services of a man around the gin plant

to keep the cotton picked up around the plant or to cut weeds during the summer. I have figured no interest on the investment that a ginner must make at the beginning of the season when he purchases his coal, his bagging and ties, pays the freight on these items, pays for his oil, pays the insurance and taxes. I have figured no expense for the item of a man to attend to the buying of these things.

453 Mr. Peck: That is before the gin is opened for business?

A. Yes, sir. I have figured nothing for night work that may be required during a part of the season. I have figured nothing for liability insurance, all of which are items that should be added to the average cost of ginning.

Q. I understand this is for a gin that is operated solely for custom ginning?

A. Yes.

Q. That is upon the basis of one thousand bales?

A. Yes.

Q. In the event that you should make your hypothetical case a gin that custom gins two thousand bales, what fixed charges would you still have in your thousand bale gin?

A. You would have the same charges on the interest on the investment and the repairing of the plant. Ginning two thousand bales, the payroll, I estimate, would be increased, and that it would be necessary to engage an engineer for six months instead of five at \$65.00 per month, making \$390.00; the ginner six months at \$78.00, which would be \$468.00; the pressman 4 1.2 months at \$52.00, which would be \$234.00; the packer the same length of time, \$234.00; the Manager six months, \$450.00; the bagging and ties, two thousand patterns at \$1.25 per pattern, would be \$2500.00; the fuel at 60 cents per bale, \$1200.00; the lubricants at 3 cents per bale, \$60.00; the tags one cent per bale, \$20.00; insurance five per cent on the plant, \$500.00; the taxes, \$100.00; office expenses, books, etc., \$50.00—a total of \$8,040.00, or an average of \$4.02. These figures are on the same basis and make no allowance for the other items that I enumerated.

Q. Could the plant be operated under the expense as you suggest here at Chandler, Oklahoma, under the present conditions 454 for this amount per bale?

A. Yes; it would simply vary on this basis for custom ginning according to the number of bales that each plant would secure.

Q. But the labor, etc., could be procured at Chandler at approximately the figures you have given?

A. Yes, sir.

Q. How many gins are there in around Chandler, in that county?

A. The Department of Commerce, Bureau of the Census of the United States Government, shows that in Lincoln County, during the season 1912-1913 there were 37 active gins and 8 idle gins.

Q. How much cotton was ginned there that season?

A. The same report shows that during that season 38,640 bales were ginned.

Q. An average of about how much per bale?

A. About one thousand and forty bales.

Mr. Hoffman: For the active?

A. Yes, sir.

Mr. Peck: In the event that each gin in Lincoln County during that season had ginned two thousand bales, how many gins would have been required to take care of the custom ginning in that county?

A. 19 $\frac{1}{2}$.

Q. Which would make how many idle gins in addition to the eight already enumerated?

A. It would make 17 $\frac{1}{2}$ idle gins in addition to the 8 already idle, making a total of 25 $\frac{1}{2}$ idle gins in Lincoln County.

Q. How many cotton gins in the State of Oklahoma?

A. 1051 active and 102 idle.

Q. According to that same report?

A. Yes, sir.

455 Q. How much cotton was ginned during that season according to that same report?

A. 1,005,109 bales.

Q. Making an average of approximately how much per active gin?

A. 1,001 bales.

Mr. Peck: I believe that is all unless you gentlemen think of some other questions to ask.

(Witness excused.)

Mr. Clayton: I would just like to make a statement, and make a short statement.

Examiner Patton: Go ahead and make your statement.

Mr. Clayton: My name is B. Clayton. I am the General Manager of the Oklahoma Gin Company, and the Planters' Gin Company. The Oklahoma Gin Company operates a gin plant at Chandler, Oklahoma. I wish to file with the Commission as an exhibit in this case a statement covering the operation of the season 1912-1913 of the gin plants of the Planters' Gin Company located at Carpenter, Leedy, Strong City, Elk City, Foss, Hammon, Sayre and Texola. Those gin plants are equipped only with square bale presses, with the exception of the Elk City plant, in which there is installed a round bale press in addition to the square bale press. The statement shows the number of bales ginned from seed cotton purchased and the number of custom bales ginned at each plant, showing in the left-hand corner the average cost per bale for the entire ginning.

Examiner Patton: Is that an average for all the plants?

Mr. Clayton: Each one is averaged separately. Each item is shown in points. In other words, each separate item is shown in points per pound in cents; per bale you multiply the points by five,

456 but the average for the entire ginning is shown in cents per bale—dollars and cents per bale. I would like to call special attention to the statement covering the operation at Texola, Oklahoma, which is a gin operated by my company for the sole purpose of custom ginning, and no other business is done at that point except custom ginning, save 83 bales bought in the

seed at the end of the season in remnants and "bolly" cotton, which the farmers didn't wish to have custom ginned. At that plant during the season 1912-1913 we ginned a total of 1,014 bales, 931 of which were custom cotton and 83 from seed cotton purchased. The total expenses were \$4,515.04, making an average per bale of 445 cents, which does not include interest on the investment or depreciation. I would state that even this low cost per bale was made possible only by the strictest economy in operation by discharging hands in the operation of the gin on every day it rained or on such other days when it seemed that there would be no business to be done. No bookkeeper was employed and no seed cotton buyer. The Superintendent of the gin, whose sole duty it was to superintend the operation of the gin and the employment of labor received a salary of one hundred dollars per month for five months.

Examiner Patton: At what price did you gin at Texola?

Mr. Clayton: About \$4.12 a bale we charged for ginning at Texola. It has been that price there for quite a long time.

Mr. Peck: Do these items of expense for labor or salaries include a cotton buyer on the streets?

Mr. Clayton: No sir.

Mr. Peck: Does it include office expenses in Oklahoma City?

Mr. Clayton: None of it. We don't employ a cotton buyer
457 or office manager at any of the plants covering which these statements are made.

Mr. Hagel: I will state one other thing here: our Managers appear on the statements as receiving only \$75.00 per month. The cause of that is that we are able to use these same men in our business in Oklahoma City during the summer, so that we have them working on an annual contract. While we feel that we are paying them during the summer time, we are paying them too much money for what they were doing, but we keep them employed so as to have them during the winter time for use in the cotton gins.

Mr. Clayton: I would like to make one further statement: That is, if we were required to do nothing but custom ginning at all of our plants and could obtain no greater amount of work than we now do to gin at \$3.50 per bale would confiscate all of our property in five years.

Examiner Patton: That statement Mr. Clayton has just gone over will be identified and marked by the stenographer as Oklahoma Gin Company's exhibit No. 1 and made a part of the record.

(Itemized Statement of Operating Expenses in the Operation of the Gins of the Planters Gin Company at Carpenter, Leedy, Strong City, Elk City, Foss, Hammon, Sayre, and Texola, Oklahoma, is introduced in Evidence, marked for Identification as Okla. Gin Co. Ex. "1", made a part of this record and is in words and figures as follows, to wit:)

(Ex. "1", OKLAHOMA GIN COMPANY.)

Carpenter Gin—Season 1912-1913.

Operating Expenses.

Lubricants .....	.0095	12.56
Stationery & Supplies .....	.0038	5.00
Fuel .....	.2632	350.34
Covering .....	.1710	227.71
Salaries .....	.2667	355.00
Labor .....	.2609	347.30
Repairs .....	.0024	3.15
Taxes .....	.0316	42.12
Insurance .....	.1082	144.00
458 Incidentals .....	.0242	32.15
Drayage .....	.0265	35.24
	<hr/>	<hr/>
	1.1680	1554.57

Ginning:

225 Company Bales	107,986 #
43 Custom Bales	25,111 #
<hr/>	<hr/>
268 total b/e ginned	133,097 #

Total cost per bale \$5.80.

Leedy Gin—Season 1912-13.

Operating Expenses.

Lubricants .....	.0085	33.31
Stationery & Supplies .....	.0012	4.60
Fuel .....	.1443	564.39
Covering .....	.1540	602.29
Salaries .....	.1054	412.50
Labor .....	.2019	789.77
Repairs .....	.4174	1633.04
Taxes .....	.0304	119.12
Insurance .....	.0534	208.80
Incidentals .....	.0377	147.45
Water & Light .....	.0067	26.35
Drayage .....	.0553	216.21
	<hr/>	<hr/>
	1.2162	4757.83

Ginning:

493 Company Bales	242,151 lbs.
304 Custom Bales	149,006 lbs.
<hr/>	<hr/>
797 Total Bales ginned	391,157 lbs.

Total cost per bale \$6.05.

Strong City Gin—Season 1912-13.

Operating Expenses.

Lubricants .....	.0221	32.43
Stationery & Supplies .....	.0007	1.00
Fuel .....	.1843	270.57
Covering .....	.1931	283.38
Salaries .....	.2725	400.00
Labor .....	.2373	348.32
Repairs .....	.0277	40.60
Insurance .....	.1422	208.80
Incidentals .....	.0105	15.36
Drayage .....	.0210	31.00
	1.1114	1631.46

Ginning:

166 Company Bales	83,255 #
135 Custom Bales	63,536 #

301 Total b/e ginned 146,781 #

Total cost per bale \$5.55.

459 *New State Gin Company—Season 1912-13.*

(Operated at Elk City, Okla.)

Operating Expenses.

Lubricants .....	.0047	22.26
Stationery & Supplies .....	.0017	8.25
Fuel .....	.1147	548.78
Covering .....	.1888	903.82
Salaries .....	.1790	856.84
Labor .....	.2564	1,227.50
Repairs .....	.1104	528.50
Taxes .....	.0264	126.36
Insurance .....	.0555	265.50
Incidentals .....	.0239	114.22
Water & Light .....	.0048	23.23
Drayage .....	.0528	279.11
	1.0245	4904.37

Ginning:

3887 Rds. Company Bales.....	.....
606 Sqrs. Company Bales	376,063
213 Sqrs. Custom Bales	102,600

1206 Total bales ginned 478,663

Total cost per bale \$5.10.

Foss Gin—Season 1912-13.

Operating Expenses.

Lubricants .....	.0160	76.40
Stationery & Supplies .....	.0010	4.75
Fuel .....	.1332	633.79
Covering .....	.1552	738.74
Salaries .....	.1387	660.00
Labor .....	.1978	941.45
Repairs .....	.0775	368.92
Taxes .....	.0245	116.82
Insurance .....	.0481	229.00
Incidentals .....	.0104	49.55
Water & Light .....	.0004	2.00
Drayage .....	.0447	212.83
	<hr/>	<hr/>
	.8475	4034.25

Ginning:

606 Company bales	295,106 #
356 Custom bales	108,838 #
<hr/>	<hr/>
962 Total bales ginned.....	475,944 #

Total cost per bale \$4.20.

Operating Expenses.

Lubricants .....	.0170	57.46
Stationery & Supplies .....	.0003	1.00
Fuel .....	.1860	641.29
Covering .....	.1324	456.53
Salaries .....	.1740	600.00
Labor .....	.2445	843.30
Repairs .....	.2927	1000.47
Taxes .....	.0165	57.06
Insurance .....	.0417	144.00
Incidentals .....	.0186	64.57
Water & Light .....	.0041	14.00
Drayage .....	.0365	125.82
	<hr/>	<hr/>
	1.1643	4014.50

Ginning:

588 Company bales	295,324 #
103 Custom bales	49,511 #
<hr/>	<hr/>
691 Total b/e ginned.....	244,835 #

Total cost per bale \$5.80.

Sayre Gin—Season 1912-13.

Operating Expenses.

Lubricants .....	.0107	50.23
Stationery & Supplies .....	.0015	7.00
Fuel .....	.1995	936.55
Covering .....	.0701	329.26
Salaries .....	.1640	771.25
Labor .....	.2563	1203.37
Repairs .....	.1525	716.21
Taxes .....	.0227	106.68
Insurance .....	.0487	229.00
Incidentals .....	.0229	107.65
Water and Light .....	.0111	51.99
Drayage .....	.0676	317.54

Ginning:

795 Company bales	298,919 lbs.
145 Custom bales	70,735 lbs.
<hr/> 940 Total bales ginned	469,654 lbs.

Total cost per bale \$5.10.

461

Texola Gin—Season 1912-13.

Operating Expenses.

Lubricants .....	.0075	37.60
Stationery & Supplies .....	.0012	6.32
Fuel .....	.1765	886.77
Covering .....	.1585	796.34
Salaries .....	.1028	516.66
Labor .....	.1758	883.45
Repairs .....	.1746	877.34
Taxes .....	.0127	63.94
Insurance .....	.0432	217.00
Incidentals .....	.0156	78.18
Drayage .....	.0301	151.44
<hr/>	.8985	4515.04

Ginning:

83 Company bales	39,778 #
931 Custom bales	% 462,725 #
<hr/> 1014 Total b/e ginned	502,503 #

Total cost per bale \$4.45."

Mr. Hoffman: Do you know of any other custom gins except at Texola?

Mr. Clayton: I don't know of any other, and that is because at Texola the custom there is to gin their cotton and they don't sell in the seed. I have never been able to understand the reason for it.

Examiner Patton: That is true in quite a great many Texas towns?

Mr. Clayton: It is true in Texas towns. In Texas, however, gins have a very much larger amount of cotton per gin than they do in Oklahoma, all over Texas.

MR. D. R. OWENS, being first duly sworn, testified as follows:

Examiner Patton: Give your name to the stenographer?

A. D. R. Owens.

Mr. Hoffman: In accordance with the ruling of the Commissioner, Mr. Owens has heretofore made a statement in this case under oath. Certain exceptions have been filed to that statement by the complaining witnesses. Without the formalities of questions, I would be glad if Mr. Owens would take these matters up in detail and make such statements as he may desire, to the Commissioner.

462 Examiner Patton: Who were they filed by?

Mr. Hoffman: They were filed by Corley and Mascho.

Examiner Patton: Proceed.

Mr. Hoffman: Just read the statement there.

Examiner Patton (to stenographer): You need not put that in the record.

(Witness reads paper handed him by Mr. Hoffman—evidently statement of ginning filed by the complainants.)

Mr. Hoffman: Will you please state in answer to the objection of the complainants the kind and amount of fuel used in ginning?

A. The amount of fuel is not given. Now, here is a little statement (taking paper from pocket) that the boys got up just hurriedly to kindly answer some of those questions. The first is gas, \$1010.17. The number of bales ginned was 2,289 during last season. They affirm that it is too high. Now, that shows just what our gas bills were and they can be gotten from the gas company if they keep a record of it.

Q. Now, the second item—state the number of men and their respective positions, and the time they were employed for which you have charged \$2570.13?

A. \$2570.13 is what our time book shows.

Examiner Patton: Now, there are objections to that item for labor—was what Colonel just stated?

Mr. Hoffman: Just state the number of men and their respective occupations and the time?

A. Ginner \$3.00, two pressmen \$2.00 each, engineer \$2.50, suction feeder \$2.50, and a man also works about the gin as roust-

about, \$1.50. That is our seed hauler and when there is no seed, he works about the gin. Extra man at times; night watchman at \$2.00 part of the time as shown by the time book. The entire 463 labor, as shown by our time book, is \$2570.13; that shows what our labor was at that point. That is where we want to get our expenses for labor.

Q. Have you verified the totals and is the item correct as offered in your affidavit?

A. Yes. Now, the next item we got. Now, that (the last item enumerated) did not include the Manager and the office man. We have an item listed here of Salaries, manager and bookkeeper, of \$1295.00.

Examiner Patton: He asked you to state the number of men and the time they were employed?

A. As a bookkeeper?

Q. Yes.

A. Now, I will tell you my son keeps the books there and runs the office, and I am around there all the time and I act as Manager for the plant. Now, he has got it here as an answer as the basis for rendering this statement, one manager and one bookkeeper divided equally between both gins owned by Chandler. You see I have another gin in Chandler, but we keep the other accounts down to the other gin. We have a better office down there. Now that time is divided equally between the two gins in Chandler, and the time is figured only during the ginning season, for \$1295.00. Anderson-Clayton paid their Manager one thousand dollars for his season's work at Chandler last year, and we put this in for the bookkeeper and for the manager at \$1295.00.

Mr. Hoffman: You prorated it between the two gins?

A. It is prorated between the two gins. We have made no statement for the other gin for we don't gin just a fraction over half as much as the other gin.

Mr. Hoffman: The next objection that you stated as to the bagging and ties, whether the \$1831.20 total included freight?

A. The next item for bagging and ties is \$1831.20; that includes the cost to us at the oil mill; we got most of our 464 bagging and ties at the oil mill, but some were bought later.

Q. It includes your actual expenses for that item?

A. In explaining that item, we figured just 80 cents a pattern for 2289 bales, is the number of bales that we ginned at that gin.

Q. In that connection, let me ask you what is the price of bagging and ties, say this season?

A. Bagging and ties are higher this season.

Q. About what do they run?

A. I contracted for them at 90 cents. If I had not contracted them before the season opened, I would have had to pay more. I am not positive, but I think they run above a dollar. Now that is the average cost of our bagging and ties, last year. I contracted in

the beginning of the season for 15 hundred patterns of bagging and ties at 75 cents; that was before the cotton season opened, but when it opened and afterwards they just went right on up. I paid as high as \$1.10 for the last I got last year. So our bills showed that we paid \$1831.20 for bagging and ties.

Q. That was one item in consideration in the present tariff bill, isn't it?

A. Yes sir.

Q. Now the complainant petitions that on the item of insurance you state whether the insurance was upon the building and machinery alone or did it cover cotton stored?

A. Well, our item for insurance is \$257.40. Our books showed that we paid that much insurance. That is on the building and machinery and that covers some insurance that we carried on seed cotton in the house and bale cotton on the yard at the gin and

465 I am not sure whether that includes our casualty insurance or not.

Q. Do you carry casualty insurance?

A. Yes sir. It amounted last year to about \$97.00, approximately. It would have run—that is paid according to the payroll. That is made up according to the payroll. It would have run on the south gin—the one here in consideration—about \$60.00 for the season, and the other one would have run something like \$40.00.

Q. The 6th objection is that under the item "Freight, Express and Drayage" you show the principal item of each?

A. Well, now, here is that insurance (referring to paper in hand) was necessary cotton around gin and employers liability insurance, half on each gin; boiler insurance only one thousand dollars, I think it is. Only one thousand dollars on bale cotton, that is, we carried one thousand dollars on that—on bale cotton. Now, I want to explain about that: in custom ginning (we don't have no cotton yard in Chandler) the cotton that is ginned custom and they don't want to sell at the gin, that cotton is thrown off and left on our yard. We give them a ticket the same as a county weigher or an individual cotton yard, and we are responsible for that bale either from loss by theft or fire. Therefore, we carry insurance to cover that. The customer's cotton is covered by insurance when it is left at the gin as well as our own. And if a fellow was running a straight custom gin, the way the practice is in Chandler, until they get ready to sell it, it is not safe to leave it without insurance. Consequently, it is a proper item.

Q. So the insurance is carried for the protection of the farmer as much as yourself?

466 A. Yes sir. We have that question asked us almost every day and we tell them that is insured. They have a ticket there calling for that bale of cotton.

Q. You assume the liability?

A. Yes sir.

Q. And that insurance is carried for their, as well as your, protection?

A. Yes sir.

Q. Now, again referring to the sixth objection, that you state the principal items of each, freight, express and drayage?

A. Now, here is drayage, on cotton and seed, which include express on repairs and also freight on some, and freight on bagging. We bought some bagging away from there and we paid some freight on some of the bagging, but it wasn't a very great item.

Q. Have you got the amounts of those items?

A. That item of express?

Q. Well, he says to show the principal item?

A. Well, the boys got this up kindly hurriedly and I am unable to do that, but the total is \$328.90, and that is what we paid out for those items, as a total.

Q. 7th objection; that you separately itemize your bill for oil and machinery supplies and water?

A. Well, they have got it figured out here. In the 7th the water bill alone was \$160.00. \$250.00 is only estimated and will not cover it. That is what other items was included in that in making up that item of expense.

Q. Oil and machinery supplies and water?

A. Yes sir, they are \$250.00. And then there is another thing about that water supply up there, this year. Last year we used city water and it run short on us you know and it cost more. Now, this year we started in to use city water up there and they threatened to shut us off. We went to work—I and Mr. Rooney together—our gins are not located far apart, and we put down two wells, got the pumps and put in them and undertook to run it with a gasoline engine which proved to be a failure, at an expense of right at one hundred dollars for the two wells. That will not be of use to us now since the rain has come. They still cannot furnish us city water. We made an additional expenditure of running a line of pipe about three hundred feet to the creek where we are now supplying our own water, at a cost of approximately \$50.00 more for the pipe and also the labor and the pump. So that is showing what trouble we are at and what expense our water bill is to us. If the city could furnish us water right straight along and not bother us to secure water from the outside, we could have made that item of expense a little cheaper.

Q. The 8th objection, that under the item of repairs, and replacements and summer labor, you state the principal items of repairs and separately state the amount of labor?

A. Well, now, here is—the boys has got this answer up in regard to article 8. 2 to 3 men work all summer getting gins ready for fall. About a month they was laid off last summer. This includes material to get the gin in condition to run again. That is, about a month they were off—that the help was off. Our gin had got into pretty bad repair and it would take quite a while to get it in going condition.

Q. How much did you pay these men?

A. \$2.00 for one and \$2.50 for the other man was the wages that

we paid them. It was fellows that we had there during the season and we had to give them work the year around. They might have done this sooner, but we had them working all summer getting the gin in shape.

468 Q. The 9th objection is that you state the number of days that the gin was operated during the season?

A. The boys has got this answer seven months and a few days—nearly eight months. Of course, the gin was not busy during all that time by any means, but from the time we ginned the first cotton until we finally wound up. I have been keeping this gin open the last gin in Chandler, from the beginning to the total wind-up. I shut the other gin up in the north end of town earlier in the season.

Examiner Patton: Could you give, Mr. Owens, approximately, about the number of days that the gin was idle during that seven or eight months?

A. Well, I would have to approximate it. On the start the cotton comes very slow, and probably it will be three weeks before a straight day's work comes, but there is always quite a number of adjustments to be done and made around a gin, and we keep probably—didn't have only three men—the Ginner, pressman and engineer—to look after this right on the start and when the work gets solid or steady, then we put the full crew on.

Q. But toward the wind-up of the season?

A. You might say we run through January and February half time. March, we run some, but it would be very scatter. But you have to keep your highest priced men on the job most of this time, that is, the ginner and the engineer and usually the pressman.

Mr. Hoffman: Complainants attach a copy of your assessment, and go into some details on that. I ask you to read it over (handing witness paper) and make any statement to the Commission that you may desire about that assessment?

A. Now, I want to say in regard to this grist-mill that we didn't operate this grist-mill last year at all. There was no corn 469 in the country to be ground so we can't operate it at a profit and we was busy with the cotton. The mill hasn't been operated for just a little over a year.

Examiner Patton: Are you operating it this season?

A. No sir, but I expect to operate it after we get through with the cotton business because we can get a little more corn this year than last year. We would have had to ship it last year and we couldn't compete with it. (Witness reading paper.) Now her- this is in regard to taxes.

Mr. Hoffman: Yes, give us something on that?

A. Now, what they have reference to there is the gin that is known as the F & M Gin. It was put there by the Farmers & Merchants several years ago. This man Mascho was instrumental in putting it there and this fellow Corley was Manager of it for several years. I know this statement that they get up relative to the cost of operating that plant and I know from my own personal knowledge that it

is misleading and I point out to you where it was misleading. Now, here (looking at paper) they figure four men to run that plant. You can't run a plant like that with four men. They figured on ginning twenty bales a day on that plant. You can't run it with four men and keep the business up at all. When Mr. Corley was Manager down there they used an office man; they used him as Manager and they used an outside suction feeder and they used a man on the street. Now, they had eight men instead of four. I know this to be a fact; I was right there with them all the time, you know.

Mr. Hoffman: This is a cotton buyer's fight, is it not?

470 A. It is a cotton buyer's fight; the farmers are not complaining; these other fellows are making the fight.

Q. This Mr. Corley is a buyer there, is he not?

A. Yes sir, and so is Mascho.

Q. Is this the Corley who run the Bristow gin?

A. Yes, the same man.

Q. Last year?

A. Yes sir, year before last, I think it was.

Q. And where as the record shows in the testimony taken by Commissioner Henshaw, in the itemized statement of expenses, it appeared that the cost per bale was, not remembering the figures exactly, but approximately, \$4.50 per bale during the time he operated it?

A. I think that was what their statement showed.

Q. Well, what have you to say about your taxation value on your property and the value you put on it for sale?

A. Here is my bookkeeper's answer to that—Carl. It is the fifth question. The taxes are exactly correct and taken off the tax receipts. This estimate is taken from this year; I think he means that for last year, and the valuation of last year, I don't understand how he means by that. The taxes were especially high last year; this year it has been reduced because I kicked to the assessor and told him I wanted a less valuation put on it than last year.

Q. The valuation has been reduced, you say?

A. Yes, I estimate the approximate cost of that gin at first construction at 7500 dollars, but that gin has been up there now some 11 or 12 years. I have been continually repairing. I have replaced the stands twice, and I claimed a big depreciation in value is the reason it is not assessed at any more than it has been put in here at.

471 Q. You heard what Mr. Hagel said about the life of a gin plant, etc.?

A. I think the life of a gin plant is something near 15 years. It a good deal depends on the number of bales run in the season and the amount of repairs spent upon it.

Q. You account for the difference then—the apparent difference—in the original cost and the present taxation value as the depreciation value of the property?

A. Yes sir.

Examiner Patton: What do you consider the sale value of that plant, Mr. Owens?

A. I don't know what the sale value of that plant is; in fact, the plant is not for sale. I have been in the gin business—I put it up there is '93—started in the gin business at Chandler, and I have been in it continually ever since. I make my living by that.

Mr. Hoffman: Have you any other business or occupation?

A. No; outside of my farm; that is my chief business during the winter and my business is not for sale.

Examiner Patton: Do you buy the bulk of the cotton that comes to your gin?

A. Yes sir.

Q. About how much custom cotton did you gin last season?

A. I don't think it would exceed fifty per cent—possibly not run over forty per cent. I don't think that we exceeded one thousand bales. If I had taken the time, I could have gotten that correctly, because every man keeps a gin book. In one sense of the word that cotton is not ginned custom and at the same time it is ginned custom because it is the practice in Chandler—and I expect in a great many other places—that we go on the street and have a buyer there.

472 There is strong opposition and competition and if a man wants to gin his cotton, we bid for that in the bale. We will give him so much if he will go and gin it with us. That cotton is bought in that way—bought before it goes to the gin, and then he pays so much a bale for the ginning of it. If we didn't trade with him in that way, if a fellow was running and only custom ginned, not buying this cotton, and the other fellows bought, why he would not get one-fourth of his run which is voluntarily ginned with him as custom cotton. Without buying anything, I would not have ginned not over thirty-three per cent at least of what that run shows that I did.

Mr. Hoffman: In other words, you would have to operate at such a loss that it would amount to confiscation of the property?

A. Yes, I figure that correct. I couldn't come out with the opposition that there is there and run a custom gin. I have got to buy what cotton I can get and on the streets in the seed, and then solicit the ginning in that way—by buying their cotton. We are supposed to make a little profit on the cotton that we buy. Lots of times buy it at a price that there is not any profit in it, but we are eager for the work.

Q. How many gins are there in Chandler?

A. There is five gins in Chandler—1 standing idle and 4 operating. There is not another gin in Chandler that runs with our north gin. We ginned about 1,280 some odd bales, I forgot which number, at my other gin. It is a three-stand gin, and I ginned 2,289 at the south gin. It has more capacity and we keep that open late.

Q. And what was the total ginned there last year?

473 A. I think about 6,400 bales.

Q. What, in your best judgment, will be the total amount of bales ginned there this year?

A. I have talked with a great many farmers, and with my own

observation, I don't think we will exceed sixty per cent—our receipts will exceed sixty per cent of what we ginned last year.

Q. That will be approximately four thousand bales for the present season, is that correct?

A. Yes, that is correct. We have some affidavits to file.

Q. Yes?

Examiner Patton: Mr. Owens, in custom ginning, is it necessary to maintain a suction feeder, or do farmers unload their own cotton?

A. They could unload their own cotton, but they don't like to because we all provide a suction feeder, and if there is not a man there, they will crawl up on the platform and say "where is your man to unload this cotton?" Lots of them will take hold and help.

Q. Well, that is the custom in most communities to have the man unload his own cotton, is it not?

A. Yes sir; they do that in some places, but at Chandler where there is lots of opposition and lots of gins trying to get the business—solicitation is offered in that way—crawl up on the platform and leave a man to unload it for you, but when you take off all those conveniences in that way, why, it will make against you in the number of bales you would receive. They would go to the other fellow that provides a suction feeder.

Q. Is this complaint all the gin companies operating here?

Mr. Peck: Yes sir.

474 Q. Mr. Hoffman: In your experience as a cotton man, do you know of any keener cotton competition in a city than at Chandler?

A. Not as a regular thing. I don't think there has never been a time in Chandler but what the market has been the highest in the country, and that was one of the principle complaints last year that brought on this trouble up there. Them fellows was wanting seed to ship away from there, and we pressed them so closely on prices.

Q. This man Corley is a buyer of seed in cotton for the purpose of shipping to mills outside the state?

A. Yes sir.

Q. Is there any other statement you wanted to make to the Commission in this connection?

A. Well, I was going to tell you. Now, you are after what little information you can get on this thing. Mr. Corley had worked for the Chandler Cotton Oil Company when they run that gin there one or two seasons in Chandler and last year they thought that four gins could handle the business there—the Chandler Cotton Oil people—and they moved their gin to Depew, and in this last year, that is, for the season 1912-1913, Mr. Corley wanted a job with the Chandler Cotton Oil Company again and I was talking with their Manager in regard to what he had to pay him, and he said his price was too high; that he wanted a thousand dollars for his ginning season and extra for repairs—the work done on repairs, and he said he couldn't pay that price. Now, he wanted a thousand dollars as Manager, and Mr. Barksdale didn't hire him that year.

Examiner Patton: Just for the ginning season?

A. Just for the ginning season, he wanted a thousand dollars.

Q. That would be approximately Two Hundred Dollars a month?

A. That was his price. Mr. Barksdale didn't give him a job.

When the season opened up, he had it in for the mill and has been buying seed around there—and cotton—to ship away—I
475 suppose to ship away from the mill. Mr. Barksdale is the Manager there. The mill belongs to Chandler Cotton Oil Company.

Examiner Patton: Do all the gin companies charge the same price for custom ginning?

A. Yes, all the same price.

Q. What character of agreement was entered into among them relative to the price?

A. There was no agreement entered into.

Q. They don't get together and make this price?

A. No sir.

Q. Your present price is \$4.00?

A. Yes sir. Anderson-Clayton was, at the time this four dollar rate was put into effect last year, the season had got half done—maybe it was not quite half done—they had been broken down for a week after we had put this price into effect and when they started up they charged four dollars the same as the balance of us.

(Witness excused and case continued, for hearing at Chandler, September 30, 1913.)

476 Before the Corporation Commission of Oklahoma.

In Session at Chandler, Oklahoma, September 30, 1913.

Cause No. 1686.

A. E. MASCHO and L. C. G. CORLEY, Complainants,

vs.

THE CHANDLER COTTON OIL COMPANY, D. R. OWENS, L. H. ROONEY,
KATE GORDON and THE OKLAHOMA GIN COMPANY, Defendants.

(Amended Complaint) Alleging Discrimination.

(Before Examiner Patton.)

Appearances:

For the Complainants: Johnson & Cordell, by Mr. Johnson.

For the Chandler Cotton Oil Company: Rittenhouse & Rittenhouse.

For the Oklahoma Gin Company: H. M. Peck.

For the defendants (E. R. Owens, L. H. Rooney, Kate Gordon): Hoffman & Foster.

J. K. Moore, Stenographer.

477 Examiner Patton: At the hearing in Oklahoma City yesterday, Mr. Hagel representing the A. M. De Bolt Company line of gins testified as to the number of plants operated by his company, the average cost per bale per year for the past three years for each one of these plants, given in detail, and the number of men that was used in the operation of the various plants, and the value of the plants, as shown by a recent appraisement made by some expert. Mr. Clayton of the Anderson-Clayton Company filed an exhibit in his evidence, I think that fairly outlines what he intended to testify, and particularly he testified relative to the only gin that was owned by the Planters Gin Company that is operated as strictly custom gin, which is located at Texola, Oklahoma, and the prices charged are \$4.12 per bale. Last season he ginned 1,004 bales and the aggregate expenses of ginning was Forty Five Hundred and some odd dollars. Mr. Owens, of one of your local gin companies, testified relative to certain objections that had been made to detail statements of cost of ginning filed by himself, and explained to the Commission the items that made up the various expenses of ginning, going into detail on the taxes that was made on the statement made by him. I believe that was the substance of the evidence filed yesterday, isn't it, Mr. Peck?

Mr. Peck: Yes, sir.

Examiner Patton: If the complainants have anything further to show on the cost of ginning or how the aggregate cost of ginning a bale of cotton might be reduced by conservative, economical management, the Commission would like to hear something on that.

Mr. Johnson: If Mr. Owens is in town, I would like to have him brought here for cross-examination on his testimony, since our line has been attacked. I would like to have him here.

Examiner Patton: We will have him brought here, if he is in town, and in the meantime you can go ahead and put on any other witnesses that are here and examine Mr. Owens when he arrives.

Mr. L. C. G. CORLEY, being first duly sworn, testified as follows:

Examiner Patten: Give your name to the stenographer?

A. L. C. G. Corley.

Mr. Johnson: You live in Chandler?

A. Yes.

Q. You are acquainted with these gins here?

A. Yes.

Q. How long have you lived here?

A. About 10 years.

Q. Have you had experience with gin machinery and ginning?

A. I have been ginning every season.

Q. For how long?

A. I have been ginning for the public about thirty years.

Q. Have you examined the statement of cost of ginning furnished by Mr. D. R. Owens in this case?

A. Yes, sir.

Q. Do you know what kind of plant Mr. Owens runs down here?

A. Well, he has got five gin stands in the plant, but didn't run but four, and then he has got a grist-mill connected with it.

Q. Runs four stands?

A. 4 70-saws; yes, sir.

479 Q. Is it a modern plant?

A. Yes, sir.

Q. Do you know how many hands it takes to run a gin similar to that one?

A. Yes, sir.

Q. How many?

A. Just for running the gin alone?

Q. Just for running the gin?

A. It takes four.

Q. Name them?

A. Fireman—Engineer, ginner and two pressmen.

Q. In your judgment as a ginner, is that sufficient hands to run a gin?

A. Yes.

Q. What is your opinion as to the fuel cost in Mr. Owen's bill, at \$1,010.17 for the season of ginning 2,289 bales, as being too high or too low?

A. It is too high for ginning.

Q. I mean for fuel?

A. Well, it is too high for just the ginning alone.

Q. As to the \$2,570.13, what do you say as to that being too high or too low for labor?

A. That is too high.

Q. How about the item of \$1,295.00 for salaries of manager and bookkeeper?

A. That goes for buying and selling cotton.

Q. Is that a proper element of ginning?

Mr. Hoffman: We object as calling for a conclusion.

Examiner Patton: Note objection and let it go in for consideration of the Commission.

Mr. Johnson: On this item of bagging and ties, \$1,831.20, for 2,289 bales, what do you say as to that being inaccurate—too 480 much or too low?

A. Well, I haven't figured that out.

Q. How about the item of insurance, \$257.40?

A. Well, to what I think the plant is worth, that is too high.

Q. Do you know what the plant is worth?

A. I suppose it to be worth about four thousand dollars.

Q. Do you know what the rate of insurance on a plant similar to that would be?

A. No, sir; I don't exactly.

Q. Have you figured the question of taxes, \$172.56?

A. Yes, sir.

Q. Do you know whether or not that is too high?

A. Too high for that gin; yes, sir.

Q. How about the item, "Freight, Express and drayage", \$328.90?

A. That don't belong with the gin at all; I don't see how that could be put in as ginning custom cotton.

Q. How about the item of "Oil, and Machinery, supplies and water", \$250.00?

A. That is too high.

Q. How about the item of "Interest and Exchange", \$407.52?

A. Well, I don't see where they would get any interest or exchange furnished it.

Q. How about the item of "Telephone and Miscy" Office Exp., printing, etc.", \$198.55?

A. That wouldn't come in ginning at all. That would come in on buying and selling cotton.

Q. How about the item of "Repairs and Replacements and Summer Labor", \$655.40? Is that a proper element?

A. Well now, I don't know what repairs they could have. He figured depreciation on that too.

Q. How is the depreciation figured in the next item?

481 A. Well, the repairs shouldn't come in on it.

Q. Well, what, in your judgment, is a reasonable figure to figure depreciation on a plant similar to that of Mr. Owens?

A. Well, you have figured it about four thousand for the 12 or 15 years, which ever you think the value of the plant would be.

Q. Is \$600.00 too high for depreciation or too low?

A. That is too high, I think.

Q. Then, if I understand you, if you figure depreciation on this plant the depreciation should include repairs and replacement of machinery?

A. Yes, sir.

Examiner Patton: Mr. Corley, I am not sure, did you say what the average life of a gin plant was?

A. Why 12 to 15 years, about 12 years as a general thing, I suppose. I think we decided on 15 years.

Mr. Johnson: Mr. Clayton testified about 15 years and we are taking his evidence.

Examiner Patton: That is about the line of evidence we had yesterday.

Mr. Johnson: Some of that machinery would last longer than that?

A. Yes, sir.

Q. And some less than that?

A. Yes, sir.

Q. What parts of a gin plant would last the longest in your estimate?

A. Well, the boiler and engine and parts would last longer.

Q. What is the shortest life, saws?

A. If they are taken care of, they ought to last as long as the other if they are taken care of.

482 Q. Did you ever operate a gin similar in character and capacity, in the city of Chandler, to that of Mr. Owens' gin?

A. Yes, sir.

Q. What gin was it?

A. It was the old Farmers and Merchants gin, the one that is now owned by the Chandler Cotton Oil Company.

Q. What size is that gin?

A. 4 70-saw.

Q. Same kind of machinery for unloading and cleaning cotton?

A. Yes, sir.

Q. And similar in character?

A. Yes.

Q. During the time that you operated that gin, how many men did you use for ginning?

A. Well, we generally used the same, for custom ginning alone; but we put in another man for Mr. Mascho who was buying and when we got his cotton to gin, we had to put in a weighman there.

Q. But for the regular work outside of that, you used how many men?

A. We only used four.

Q. That is the ones you described heretofore in your testimony?

A. Yes, sir.

Q. Now, what did you pay there for your foreman?

A. The weighman \$2.50 and the balance \$2.00 per day.

Q. What did you pay the ginner?

A. We only paid him \$2.50.

Q. And you paid your pressmen \$2.00, you say?

A. Yes, sir.

Q. Did you keep an accurate account, or know about what your fuel cost there to gin or run a day's work?

A. Yes, sir.

483 Q. What was it?

A. It cost about six dollars a day.

Q. What were you using?

A. Used gas part of the time, and part of the time used coal and wood. We have timed the gas many a time and we run about sixty feet a minute when we was not running the unloader. We run about 80 feet when we was running the unloader.

Q. That didn't go in with custom ginning, that is the unloader?

A. Yes.

Q. Did you estimate about how much oil it would take to furnish the machinery?

A. It would not have taken one-half gallon a day.

Q. And what is oil worth?

A. Yes, it would have taken a little over for the lubricants.

Q. For all the oil used, now?

A. It would not have cost over a half dollar, taking lubricating oil and others.

Q. Have you ever figured the price of insurance and about how much insurance you would carry -n a plant similar to that?

A. Yes, I did *not* what insurance we carried, but I don't remember now; it was a hundred and something, I think.

Q. Did you carry the full value of your insurance or not?

A. No sir.

Q. About what per cent of it?

A. About two-thirds, I think, of its value.

Q. Now, on a plant similar to that that you have described here, what would be a reasonable depreciation to figure on a day's work—on the basis of a day's work, how much a day, if you know?

484 A. It would be about six dollars, I think.

Q. During the last season that you run this gin, did you ever figure to know exact, or about how many bales you run on an average a day?

A. I think it was 28 bales we averaged through the fall—the whole fall, what time we was running.

Q. Do you state that as positive as to the best of your judgment?

A. Yes; we have ginned 40.

Examiner Patton: You say in the fall; you mean up to the first of the year or about Christmas?

A. No; we have ginned forty bales.

Q. For the whole season?

A. For the whole season we averaged 28 bales.

Q. For the whole season?

A. That is, for the time we run—the days we run. Of course, there was some days we didn't run.

Q. You were the Manager of that gin, were you?

A. Yes.

Q. You were paid a salary by this company?

A. Yes.

Q. Do you remember what your salary was?

A. \$75.00.

Q. A month?

A. Yes.

Q. And how many months did you work? at ginning?

A. It was run from five to six.

Q. Five to six months?

A. Yes.

Mr. Johnson: Have you made any observation about the gins here in Chandler as to the kind of bagging and ties they are using at the present time?

A. Yes.

485 Q. State to the Commission what is the standard, if there is a standard, of bagging and ties used?

A. Two pound bagging and six yards to the pattern.

Q. And how many ties?

A. Six.

Q. What is the weight of all this?

A. 24 pounds.

Q. That is the standard weight?

A. Yes.

Q. Have you now observed as to the kind of bagging now being used by the gins in Chandler?

A. Well, I say yes; I have noticed that they use some being a pretty good portion of it is one pound and three-quarters and the other is two-pound.

Q. What can you say as to their cutting it the full length of six yards or shorter?

A. Only 4½ yards.

Q. Did you measure it?

A. Yes.

Q. Now what does it measure?

A. 4½ yards.

Q. Have you measured for more than one gine that you know of or for bales coming from different gins?

A. I measured for the three gins.

Q. Name them?

A. That is the Rooney gin and the south Owens Gin and the Owens north gin.

Q. Did you make any calculations as to what the gin saved by reason of this cutting short of the bagging and ties—of the short-weight?

A. They save 1½ yards on each pattern.

Q. And how many pounds?

486 A. Three pounds.

Q. How much did they save by reason of light weight of beaggin-?

A. They saved a yard and a half the same way.

Q. Making about three pounds of it?

A. Yes sir.

Q. Making a total of how many pounds?

A. Only three pounds would be bagging short to the farmer.

Q. Now, it would be three pounds on the cut-short and three pounds short on the weight?

A. No; three pounds short on the two pound bagging and on the other 1¾ pound bagging, it would be more.

Q. It would be something like five pounds short to the farmer?

A. Yes.

Q. Now, did you estimate about how much that saved the gin man on the price of his bagging and ties?

A. I didn't state. Oh, it saved him the price. I don't know what he paid for the 1¾. It saved him the price but I don't know what it cost.

Q. Do you know what the two pound bagging cost?

A. 85 cents.

Q. 85 cents a pattern laid down?

A. Yes sir.

Q. But the light bagging would cost less than that?

A. Yes.

Q. The 2½ pound bagging would cost one dollar?

A. They didn't use that.

Q. How did this affect the farmer in selling his cotton?

A. Well, it cuts him out of the price of the amount of the weight of about three to five pounds.

Q. Under the rules of trade is he entitled to that in his bale?

A. Yes.

487 Q. Did you ever observe these gins in Chandler as to the loss, if any, to the farmer and the gain to the ginner in point of the seed being lost and picked up?

A. Well, there is a lot of complaint.

Mr. Hoffman: We object to that as hearsay.

Examiner Patton: If he knows of his own knowledge, he can testify.

Mr. Johnson: What have you observed as to that?

A. Well, I have bought the seed and they would be short fifty or sixty pounds.

Mr. Hoffman: We object to that as improper evidence and hearsay.

Mr. Johnson: That is what he knows of his own knowledge.

Mr. Hoffman: He can't—

Examiner Patton: Let it go in for what it is worth and for consideration of the Commission.

A. They claimed it was short fifty or sixty pounds.

Mr. Hoffman: We object to that as hearsay.

Mr. Johnson: I think a man's observation as to a great number of men is worth something.

Examiner Patton: We are never technical in our hearings and investigations; let it go in for consideration of the Commission.

Mr. Johnson: Did yo- ever observe the gin plant itself to see how it was constructed and how it lost the seed?

A. No sir; I never observed that; but I know it could be.

Q. You are still buying cotton on the market in Chandler?

A. Yes sir.

Q. Who are you buying for?

A. Buying for myself.

Q. Do you have free access to these gins to go in the gin and get your seed?

A. No sir.

Q. State what difficulty you have had?

488 A. Well, they refuse to let me put my wagons under there and get my seed. They wouldn't even let me haul my seed away from there.

Q. Have they done that recently?

A. Yes.

Q. All the gins?

A. All but one—Rooney gin haven't. They have never refused me.

Examiner Patton: What reason do they assign for refusing?

A. Just said I couldn't get my seed; made me get my wagon out from under the seed chute.

Q. Then what becomes of your seed?

A. Well, the farmers had to haul them to me.

Mr. Johnson: What effect does that have upon the market?

A. Upon the market, well, I don't know as it has any.

Q. Well, I mean particularly as to your buying?

A. Well, it knocked me out of buying some cotton.

Q. Well, explain to the Commissioner how it knocks you out of buying cotton?

A. Well, we was paying \$21.00 a ton for the seed and they was only paying \$20.00 and on account of the farmers having to haul the seed they would leave a great many there with them.

Q. They would prefer to sell to them because to save the trouble of hauling the seed back up for you?

A. Yes; I couldn't haul them. They wouldn't allow my wagons to haul them.

Q. State what they did or do relative to the price of lint cotton, as to their methods of preventing you from getting cotton on the market?

A. Last Tuesday morning I went on the street and found that they was paying 15 cents on the hundred more where they 489 got the seed than where they didn't.

Q. Now, "They", who was doing that?

A. That was the gins—all three of the gins.

Q. They would all buy alike?

A. Yes sir; every ticket was made alike except the round bale gin; it was sixty cents a hundred ahead all the other gins.

Q. You got some of those tickets, did you?

A. Yes sir.

Q. I will ask you to examine this bunch of tickets which I hand you (handing witness bunch of slips) and state whether or not those are the tickets secured by you upon the streets of Chandler from farmers who had sold or offered to sell their cotton to the defendants, the gins in Chandler?

A. Yes.

Mr. Johnson: We ask to have these marked exhibits.

(There were 22 of these tickets which were marked by the stenographer as "Plaintiff's Exhibits Nos. 1 to 22" inclusive. Plaintiff's exhibit No. 1, is, in words and figures, as follows, to-wit:

(PLAINTIFF'S EXHIBIT No. 1.)

"CHANDLER, OKLA., 9/23/1913.

Pay Mr. Sexton

Who is owner of this load of cotton in Seed

{ Lint 1300
} \$450

This price is given subject to gin inspection.

ROONEY GIN,
Per H."

(Notation in pencil:)

"13.15 if we get the seed. \$20 for seed."

(The remainder of these tickets are not copied in the record, but are attached to the original copy of this transcript and made a part of the Commission's record in the case.)

Mr. Johnson: We ask to have introduced in evidence these assessment rolls showing the assessed valuation of the different lots on which these gins are located.

Examiner Patton: They will be marked by the stenographer and entered as evidence in the case.

490 (Copies of assessment list for 1913 in the office of the county assessor of Lincoln County, Oklahoma, showing the valuation of lots on which gin plants of the various gin companies in the town of Chandler are located, were introduced in evidence as correct copies of assessment rolls, without certification, by counsel for both sides, and marked "Exhibits 23 to 27" inclusive, and made a part of the record herein and such copies are attached to the original copy hereof.)

Cross-examination by Mr. Foster:

Mr. Foster: You said a while ago you worked at a gin something like the Owens gin in this case, five stand gin?

A. I said a 4 stand.

Q. 4 stand?

A. Yes.

Q. What year was that?

A. That I worked at that gin?

Q. Yes, that you are making these statements about—what year was that?

A. Well, I have run it every year, except last year.

Q. What year are you talking about as to the number of men and your salary, prices and habits of ginning etc.?

A. That was before last year—a year before that.

Q. Well, that would be what year, 1912?

A. 1911.

Q. You say it was 1911 you were talking about?

A. 1910, I worked at this gin down here.

Q. At that gin, how long did you run that year?

A. What?

Q. How long did you run that gin?

A. Well, I don't remember the exact days we run at all now. I don't know.

Q. Haven't you any memorandum with you on that?

A. No, sir; I turned my books over to the oil mill.

Q. You don't know how many days you run?

491 A. But I know we had figured it out to see how many we averaged.

Q. How many bales did you gin that season on that gin?

A. I don't remember now.

Q. Could you tell within five hundred or a thousand of how many you baled?

A. Well, it was about 15 hundred; I couldn't tell you the exact number of bales because I don't remember.

Q. How long did it take you to gin 15 hundred bales?

A. I don't remember the number of bales, but I remember about the average, we figured that out.

Q. You told the court it was 28 a day?

A. 28.

Q. Well, how many days would that be?

A. Well, I said I didn't remember the days we run.

Q. Well, could you average and tell?

A. Oh, I could by figuring it up.

Q. You never did figure it up?

A. Yes, I did.

Q. You did?

A. Yes.

Q. How many gins were run in the town that year?

A. How many was run?

Q. Yes.

A. There was five.

Q. And what year was that?

A. No, there was only four, I believe—let's see—I don't know whether the north gin was run or not, but I think it was. There was four I know, probably five.

Q. If Mr. Owens was running his north gin there was five?

A. I don't remember whether he bought it that year or not.

Q. Do you say that you could tell how much it would cost to gin a bale of cotton that year?

A. "Could I tell", of course I know by figuring it up.

492 Q. Never did figure it up?

A. Yes, sir.

Q. You did?

A. Yes.

Q. Where did you figure it?

A. Why I figured it lots of times and several places just what it would cost; do you suppose I would run a gin and now know what it is costing.

Examiner Patton: He is asking the questions, you answer them.

Mr. Foster: You were just hired at \$75.00 per month?

A. Yes, but of course I wanted to know whether I was making anything for the man I was laboring for.

Q. What did you do with those figures?

A. Oh, I don't know what I done with them.

Q. You say you kept a book at the gin in which you put down the expense and figure-out how much it would cost?

A. Yes; well, we didn't keep a book; we made a report every night and the report showed what had been done heretofore. Now, that was on ginning and buying both, we sent the report in on.

Q. Then, all you know, you were testifying as to that year?

A. Yes.

Q. That was the last year you know anything about ginning?

A. No; I ginned another year at Bristow after that.

Q. And do you say that you are competent now to set down here and tell how you arrive at how much it cost to gin a bale of cotton?

A. Why, of course, I could tell; yes.

Q. What do you include in your estimate?

A. I include the four men to run the gin and the oil, fuel, depreciation, taxes and interest and water.

Q. And you say these estimates are too high?

A. Yes.

493 Q. You say he didn't pay that much taxes?

A. Yes.

Q. He didn't pay that much?

A. No, sir.

Q. Now, how much—what did it cost you the year you were talking about—191—in this community—to gin a bale of cotton?

A. Cost about \$2.50.

Q. Actual cost?

A. Yes.

Q. What per cent does it cost more now than then?

A. Well, I didn't say that it costs any more.

Q. Well, you said that you knew that it did?

A. It might cost a little more on account of labor being some higher.

Q. Will it cost thirty per cent. more?

A. I don't know.

Q. Is labor thirty per cent. higher?

A. No; I don't believe it is.

Q. What do you pay a good man now?

A. I don't know what the most of them pays; I know Rooney pays a man—fireman and engineer who does both—I know he pays him \$2.50. There is only three men that works at that gin to do custom work.

Q. You don't know what they generally pay, whether it is more or less?

A. Some pays more than that and some less.

Q. That would make it considerably higher than you were testifying about?

A. No, sir.

494 Q. If one man did two man's work, what would you give the two men if you was hiring them?

A. There is a difference in the gin. Now, the gin that I run the man couldn't run both. We run the same kind of plant that Mr. Owens does; it was an upper floor gin and I couldn't run with three hands and we had to run with 4.

Q. You say you are engaged in buying cotton now?

A. Yes.

Q. You just buy from those who give you the seed?

A. No, sir, I buy without the seed.

Q. In the bale?

A. Yes.

Q. Is that your business?

A. Yes.

Q. I think you said you were seed buyer?

A. I am seed buyer and cotton buyer both. I buy both.

Q. Have you bought both this year?

A. Yes.

Q. In what proportion?

A. I have not bought any cotton until right lately. I bought seed a good deal before I commenced buying cotton.

Q. This year?

A. Yes.

Q. And you have just bought a few bales lately?

A. Yes.

Q. But you started in to buying seed?

A. I would not have started into the cotton business if I had had a fair showing at that. It was my intention to buy cotton.

Q. I thought you said you would have gone into the cotton business?

495 A. I said I would have went into the cotton business if I could have had a fair showing with the cotton.

Q. You couldn't pay as much as they were paying?

A. That wasn't it.

Q. What was it?

A. Because the gins wouldn't let me haul my seed away from there.

Q. You know that the person who takes the seed should haul it away?

A. No, sir.

Q. You know that is the custom, don't you?

A. No, sir.

Q. For one man to take away the bale and another one the seed?

A. No, sir; they wouldn't let me take away my seed.

Q. Did you ever take a load of cotton out and have them refuse to gin it for you—seed cotton?

A. I never got on the wagon myself, but I have bought it and they refused to let me go and get my seed.

Q. You have no kick on that; they do that all over the country the same way, don't they?

A. No, sir; I don't know as they do.

Q. Others don't back in and take out their seed whenever they please?

A. No, I don't know.

Q. Do you know of any discrimination?

A. Not only with me.

Q. Whether they would let somebody else come there and get seed?

A. There was nobody else that wanted to come down there and do that.

496 Q. You don't know that they allowed anybody else to violate the rule that they made concerning the taking away of the seed?

A. Mr. Johnson: I think that has gone far enough; he stated, as a matter of fact, there is nobody else here to violate it, and I think he has fully answered the question.

Examiner Patton: Mr. Corley, when you bought a bale of cotton in the seed, you would only get one ticket for it?

A. That was all.

Q. Then, if you had two separate men to go and haul the cotton away and the seed, how would the ginner be able to know that you had any seed there?

A. They know my wagon.

Q. You would have a ticket for the bale of cotton?

A. If I bought it in the seed; but they wouldn't let me haul my seed away.

Q. Wouldn't you necessarily have a ticket for the seed?

A. No, sir; if I bought the seed cotton, it was handled just like the custom cotton. If I bought the seed cotton, I had to haul the seed away or get him to haul them up for me—to haul them back.

Mr. Foster: Your business made a little extra work for the gin outside of ordinary ginning?

A. No, sir.

Q. You say they had to identify some of your wagons around there?

A. No, sir.

Q. You told the court they know your wagon?

A. I said the gins knew my wagon.

Q. Well, the gin had to recognize your wagon and keep track of the seed taken away?

497 A. No, sir; the farmers would tell them that they was my seed.

Q. So it all made extra work?

A. No, sir, didn't make any extra work.

Q. Didn't the farmers have to tell him that the seed had been sold to you and didn't the ginner have to look out for that?

A. Couldn't my wagon get in there just as easy as the farmer's?

Q. They had to identify each particular farmer's seed?

A. No, sir.

Q. How did they know whether they had taken the seed you bought or not?

A. Well, the gin man, the farmer would tell him that them seed belonged to me and my wagon would be there for them, and if I was not there, I couldn't get the seed.

Q. You mean you couldn't come afterwards and get it?

A. No, sir; I wouldn't expect to get the seed if my wagon was not there.

Q. Then, you could only buy at that rate a very few bales of cotton?

A. Of course not.

Q. Well, were you trying to bother them or were you really in the business to buy and do a general business?

A. I expect it bothered them pretty sharply, but I was not in there for that purpose; I was in there to make something out of it. I would like to tell the court—just the judge; now, they were paying only twenty dollars for the seed, and I paid them about twenty-one.

Mr. Hoffman: If the court please, I would like to have the witness state specifically who he has reference to when he says "them."

Witness: Except the gin men—the Rooney gin.

Mr. Hoffman: When you say "them" who do you mean?
498 A. Owens and the round bale gin.

Examiner Patton: Go ahead with your statement.

A. I was paying \$21.00 for the seed. I was getting \$24.00. Of course, I wanted a profit out of it just like the oil men; that is why I was buying the seed. If I had not been making a profit out of it, I would not have been buying it; that was the limit I had.

Mr. Hoffman: Were you buying seed for your own account or somebody else?

A. I was buying and shipping to Kansas City.

Q. For some other mill?

A. That was Frank G. King.

Q. You were buying and selling with a limit?

A. No sir; he told me a limit; he didn't give me any salary.

Mr. Foster: You say you paid them about 13.50?

A. 13.50; yes sir.

Q. If they left the seed?

A. Yes.

Q. And 13.00 if they didn't leave the seed?

A. 13.15 if they did get the seed and 13.00 if they didn't get the seed.

Q. So they had a rule that if somebody else took the seed, they didn't pay as much for the cotton?

A. Yes; if a farmer carried the seed home, he didn't get as much for the cotton.

Q. And he could take it or leave it as he pleased?

A. Yes; they went on the street and said we will give 13.15 if you leave the seed?

Q. Thy didn't make any distinction?

A. No sir.

499 Q. Did you make any distinction in your price?

A. Yes, when I come on, I did. I never come on the market until they done that.

Q. Until they made the 15 cent difference?

A. Not for cotton, but I did for seed.

Q. You think that they affected your business in that lots of them left their seed there for the 15 cents?

A. Of course, they would; yes sir.

Q. Well, if they were bothered, it would be worth about 15 cents?

A. They wouldn't have to stay there; the gin man could tell them just as easy as anybody else.

Q. You mean you would leave word with the gin man, so he could tell them? The gin man that has charge of the seed bent?

A. Well, they could tell him.

Q. You admit that that makes more work?

A. No sir, it doesn't.

Q. Who raised the price?

A. I did.

Q. You raised the price?

A. I give them 21 dollars for the seed and paid the same amount that they paid or more for cotton. When they got the seed they was only paying twenty dollars.

Q. Did they raise the price of cotton on you?

A. Yes; they paid more for cotton on the streets.

Q. Your claim is that they paid more than it is worth?

A. No sir.

Q. Well, why didn't you pay more than they did?

A. I did pay more; I paid the highest price this fall.

Q. And still made money on it?

500 A. If I had not made money on it, I guess I wouldn't have bought it.

Examiner Patton: That would seem to be good for the farmers?

A. Well, it looks like it ought to.

Q. They never kicked any on it, did they?

A. No.

Mr. Hoffman: At the time you run the F & M Gin here, you gave an estimate of the figures—of what it would cost to run that gin for custom ginning. Now, did you run that gin for custom ginning exclusively?

A. No sir.

Q. Did you ever run a gin for custom ginning exclusively?

A. Yes sir; I have. I have run it in Mississippi.

Q. How long ago?

A. About 11 years ago.

Q. Isn't it a fact in this state that it is universally known that gins don't operate for custom ginning exclusively?

A. Some countries do.

Q. I am asking you about the State of Oklahoma; if it isn't a fact that you can not run a gin in this state under present conditions for custom ginning exclusively?

A. That, you are figuring—

Q. Just answer that question yes or no.

A. I don't know.

Q. You don't know of a single custom gin?

A. No sir; I don't.

Q. As a matter of fact, if a man was running a cotton gin and didn't hold himself in the market to buy cotton, he couldn't do business as a ginner?

A. I suppose not.

501 Q. You know he couldn't?

A. No.

Q. Because of the cost and upkeep of the hands, and he wouldn't get enough ginning to keep his gin busy?

A. No sir; but you can figure what it would cost.

Q. That is to say, you can take an imaginative condition and imagine what it would cost, that is what you are doing?

A. No sir; you can take the figures.

Q. Yes, you can imagine what it would cost under an imaginative

condition; but the basis you take, there is no such condition in this state, is there?

A. There is no gin that I know of.

Q. In the item that you object to. I suppose you made up this objection that Mr. Johnson went over. You objected to the item of insurance?

A. I did.

Q. And you say that is too high?

A. Yes.

Q. As a matter of fact, Mr. Corley, the insurance is purely a matter in the judgment of the ginner, is it not?

A. Of course, it naturally should, but when he carries another piece of machinery with it—

Q. Well, he carries insurance on the custom ginned cotton that is left in the yard around there?

A. No sir; he does not.

Q. Well, they do it, don't they?

A. No.

Q. Don't you know that Mr. Owens does it?

A. No sir.

Q. We can prove that he done it.

A. I don't know whether it is a habit of Mr. Owens.

Q. It is a custom usually to insure that cotton?

502 A. No sir.

Q. Well, don't you know that is the testimony in this record, to ordinarily insure custom cotton left in the yard?

A. Well, they don't do it here.

Q. Well, it is purely a matter of one's individual judgment as to what insurance he should carry?

A. On the ginner?

Q. Yes.

A. Well, he isn't carrying any insurance on the ginner's cotton.

Q. He has to carry enough to protect himself on the plant; that is in his judgment?

A. Of course, it is.

Q. You say he carried too much?

A. Yes; he has got his mill figured in with the other.

Q. And his taxes are too high?

A. No sir; I didn't say his taxes are too high.

Q. He has paid too much taxes?

A. No; I said he had it put in there too high—his taxes.

Q. On this matter of insurance, did you figure employer's liability insurance—accident insurance, did you figure that?

A. Yes.

Q. How much did you figure that?

A. I don't remember now what it was.

Q. What did you do with those figures anyhow?

A. I don't know now. Some plants don't carry any accident insurance.

Q. You are the complaining witness here, aren't you?

A. Yes sir.

Q. You say you figured this all out time and time again; now can you produce any of those figures here?

A. No; I haven't got them now, but I have figured it out.

503 Q. You are the man that run the Bristow gin two years ago?

A. Yes.

Q. And according to the evidence in this record, it cost you some \$4.50 per bale to run that gin?

Mr. Johnson: We object to that as being improper cross-examination and an improper question to put to this witness.

Examiner Patton: It is a matter of record; it is all the same case.

Mr. Johnson: He is testifying there on his direct examination.

Mr. Hoffman: We put it in the record at the time Mr. Corley was called up here the other day.

Examiner Patton: It may go in for what it is worth and the Commission will give it consideration.

Mr. Johnson: Note objection.

Mr. Hoffman: You remember, do you not, Mr. Corley, when you were on the stand at the time Mr. Henshaw was here the other day that I handed you an itemized statement of the gin expenses at the gin at Bristow during the year you run it there as general manager. You remember that?

A. Yes.

Q. And don't you remember, Mr. Corley, that a computation of items showed that the cost of ginning, without taking into consideration the profit and the investment or the depreciation, amounted to about \$4.50 per bale—something like that during the year?

A. He had it that; but I don't know what it was.

Q. You don't undertake to deny that is correct?

A. No; I don't deny that.

Q. You remember that we offered at that time those books if you desired to make an investigation.

504 Mr. Johnson: Now, this is argumentative and I object to have it put in the record. Comes now complainants and moves the Commission to strike out all that part of Mr. Hoffman's statement in which he attempts to have this witness testify relative to a certain gin at Bristow and relative to certain matters that we offered heretofore before the Commission, for the reason that none of the figures offered were ever identified either by this witness or any other witness, it being offered by Mr. Hoffman voluntarily before the Commission, who offered no authority for it whatever, and for the further reason that the figures are incorrect, incomplete and show various items therein enumerated that were not proper elements of ginning custom ginning, and that the items stated were unreasonable probable cost of ginning with a plant similar to that described at the plant at Bristow.

Examiner Patton: The admissibility of evidence is a question for a quorum of the Commission to properly pass on and we will

let any answer that Mr. Corley desires to make go in for consideration of the Commission.

Mr. Hoffman: To answer the statement of counsel, I desire the record to show that the figures submitted were submitted during the cross-examination of Mr. Corley, during the last taking of testimony by Commissioner Henshaw at Chandler; that the figures purport to be a statement of the books of the gin which Mr. Corley operated at Bristow for the year named; that we then offered the books themselves in record or for the examination of the Commission or to counsel, and we now offer them if the matter is disputed.

Examiner Patton: As I understand, those figures were prepared and submitted by the owner of the gin at Bristow?

Mr. Johnson: No sir; those figures were not authenticated 505 by *by* anybody and we don't know who prepared them, and they are not proper before this Commission.

Examiner Patton: The original books of the Bristow gin, which Mr. Corley operated, were they before the Commission?

Mr. Hoffman: No; but they were offered then. We offered them for examination to verify these figures.

Examiner Patton: Are they available at this time?

Mr. Hoffman: They are not here, but they are at the oil mill and can be gotten.

Examiner Patton: Those were the books as kept by Mr. Corley?

Witness: I kept no books.

Mr. Johnson: Now let me explain to the court: we are willing to do that. We will *except* that proposition if they will bring Mr. Corley into the court and let him go over them and not bring in before this Commission a lot of figures and say "here *is* some figures" you have not seen and say "we want you to say whether this *is* the total cost up there." Comes now complainants and offers, before the Commission, to accept the statement of Mr. Corley for any figures with reference to the Bristow gin that he can identify without proper examination of the records, of any such records, as he may have made himself relative to the Bristow gin, but he now refuses to accept the statements of counsel as being correct or the figures as being correct, for the reason that they have not been identified either by Mr. Corley or any other person.

Mr. Hoffman: We here make an offer to produce the books and we desire that Mr. Barksdale produce the books and turn them over to the Commission for examination.

Examiner Patton: What evidence would the Commission 506 have then of their identification?

Mr. Johnson: When Mr. Henshaw was here the other day, we had that very same thing, and it was the reason we didn't complete that hearing. He objected to this line of argument, of course; so Mr. Henshaw says to these people "submit your figures". They offered to produce these books for our inspection.

Examiner Patton: If the books are in such shape that the Commission could work out to its satisfaction just what the cost per bale of ginning cotton at Bristow might have been, the books would certainly be the best evidence, and if a compilation of figures can

be agreed upon between counsel as taken from those books, that would certainly be acceptable.

Mr. Johnson: We are willing to do that; that is what the Commissioner ordered them to do, was to make a compilation from their books and submit to us with the books for our consideration.

Mr. Hoffman: I now want to get this statement in the record in a little better shape.

Mr. Peck: If I understand, that is now in the record as a part of the evidence in this case.

Mr. Hoffman: Well, I just—now, Mr. Corley, I have here what purports to be a statement of the cost of ginning at the Bristow gin during the year that you were Manager; it is the statement heretofore referred to as having been introduced in evidence. I will hand you that and ask if it is correct.

Mr. Johnson: We object to that because the statement has not been identified or verified by Mr. Corley or any one else.

Mr. Hoffman: Well, for the purpose of identification of
507 this statement or exhibit, I wish to have Mr. Barksdale called.

Mr. HARRIS BARKSDALE, being first duly sworn, testified as follows:

Mr. Hoffman: State your name?

A. Harris Barksdale.

Q. What position do you occupy with reference to the cotton oil mill?

A. Manager.

Q. How long have you been Manager?

A. 4 years.

Q. Were you Manager during the time the Chandler Cotton Oil Mill owned a gin at Bristow?

A. Yes sir.

Q. Who was your Manager at that gin?

A. Mr. Corley.

Q. And have you in your possession and custody, as the Manager of the Chandler Cotton Oil Company, the books of the gin which Mr. Corley operated at Bristow?

A. Yes.

Q. I will ask you to state if you have caused to be prepared a complete statement of the cost of operation of that gin during the year Mr. Corley run it?

A. Yes sir.

Q. State whether that is it? (handing witness paper.)

A. This is a copy from the ledger sheet showing the detailed expenses at that gin.

Q. I ask the stenographer to mark the statement referred to as "Defendant's Exhibit X."

Mr. Johnson: To which we object for the reason it is not the

best evidence, not being an original entry, and for the further reason that it has not been sufficiently identified by any person competent to identify it.

Mr. Hoffman: It is identified by the witness for what it is worth and in that connection, I desire to offer it in evidence and — made a part of this record.

Examiner Patton: Let it go in.

(Itemized statement of operating expenses incurred in the Chandler Cotton Oil Company's gin at Bristow, Oklahoma, during the season 1911-1912, is introduced in evidence, marked for identification as "Defendant's Exhibit X", made a part of this record and is in words and figures as follows, to wit:—)

(DEFENDANT'S EXHIBIT "X.")

"Season 1911-1912. 1589 Bales.

No Bristow Gin, L. C. G. Corley, Manager.

	Amount.	Exp. per bale.
Repairs	\$1,730.80	\$1.09
Labor	2,750.83	1.73
Fuel	902.35	.57
Lubricating Oil	48.38	.03
Insurance	197.90	.12
Taxes	128.18	.08
Interest and Exe.	159.02	.10
Gin & Of. Exp.	104.04	.06
Water	22.40	.02
Stamps & Stat'y.	38.60	.03
Bag. & Ties.	1,071.15	.67
Drayage	458.28	.28
	<hr/>	<hr/>
	\$7,611.93	\$4.78"

Mr. Hoffman: While the witness is here, I desire to ask you if you have in your possession here any other condensed statement of gins operated by the Chandler Cotton Oil Company during recent years?

A. Yes, sir; at the last hearing, Mr. Henshaw requested that we send a list showing expenses at the gins that we operated last year and we sent in this statement showing the cost at Davenport, Warwick, Depew and Bristow.

Q. You operated gins at those points, did you?

A. Yes, sir.

500 Q. What year?

A. 1912-1913.

Q. And this is a correct statement?

A. That is drawn from the books, except interest on investment and depreciation and that is put in here only as a memorandum.

Q. That is your own estimate?

A. It is just put there as a memorandum.

Q. Is that a reasonable estimate?

A. Now, at that hearing, I understood that they agreed that about 12½ years was the life of a gin. I never do figure depreciation in my cost. I figured the cost on my statement at \$4.67 per bale, not inclusive of interest on investment or depreciation.

Q. That is what gin?

A. That is the gins at Davenport, Warwick, Depew and Bristow.

Mr. Johnson: I thought we was about through with all that.

Mr. Hoffman: This was the statement that was submitted to counsel for complainants and sent to the Corporation Commission.

Mr. Johnson: I never saw it.

Mr. Hoffman: Why, I took it up to Mr. Johnson's office myself. We offer this in evidence and ask that it be marked "Defendant's Exhibit Y."

Examiner Patton: Admitted.

(Statement marked "Defendant's exhibit Y", same being a statement of the cost of ginning, depreciation set aside and interest on investment, of the gins operated by the Chandler Cotton Oil Company by the towns of Davenport, Warwick, Depew and Bristow for the season 1912-1913, attached to original copy of this record and made a part thereof.)

Mr. Johnson: To which exhibit the complainants object for the reason that it has not been properly identified and for the further reason that a copy was not submitted to counsel as was required by the order of Commissioner Henshaw, who required that it be submitted for criticism prior to filing with the Commission, and complainants now move that it be stricken from the files for that reason:

Examiner Patton: Your objection will be entered for consideration of the Commission. Was this statement marked "Exhibit Y" heretofore referred to the counsel for complainants in this case before filing?

Witness: I went up to Mr. Johnson's office and showed him a copy of this and he told me he would like for me to analyze my labor account, and I never did send it back to him with that account "Labor" analyzed, for the reason that I am unable to analyze "labor" account because different men do different things. For instance, take the ginner and the engineer and the Manager, I can not say where they are working. They are just working anywhere. It is almost impossible to say where the man would work all the time; that is up to the gin manager. All I know is the charge they expended for labor.

Mr. Hoffman: But you did prepare that statement from the books and it is correct?

A. Yes, sir.

Examiner Patton: This exhibit "Y" to your testimony, Mr.

Barksdale, was this statement prepared from the books as kept by Mr. Corley as Manager of the Bristow gin?

A. Yes, and that includes the money expended by Mr. Corley and the money which we paid from my office for insurance, and bagging and ties and items of that kind that Mr. Corley didn't pay for. In other words, we paid for bagging and ties and insurance and what else Mr. Corley couldn't buy there.

511 Examiner Patton (to witness Corley): You paid for everything but bagging and ties?

Witness Corley: Yes, I think I did, unless it was some for repairs that comes from the office.

Witness Barksdale: Yes, that is right; sometimes we ordered repairs for him, but everything at Bristow Mr. Corley paid for, but of course we have these books for that and that is the compilation.

Examiner Patton: Mr. Barksdale, do your local managers make daily reports?

A. They make daily reports of the amount of cotton they gin, but they don't make daily reports of the money they spend; they do that once a week.

Q. Did you check the books as kept by Mr. Corley of all expenses against his reports?

A. He issued checks for everything he spent, yes, sir.

Q. This statement is true and correct

A. To the best of my knowledge, it is absolutely correct, but as I say, I will be glad to turn the books over to the Corporation Commission.

Mr. Johnson: At the time you were in my office and showed me a copy of this statement, that you now offer in evidence, you agreed at that time to copy it and return me a copy, did you not?

A. Yes, I said if I could analyze that labor proposition. You know, I told you then that I thought that would be practically impossible to do.

Q. Now, at the time you showed me this account, stated about how long you were in my office for me to examine it.

512 A. Oh, about ten or 15 minutes.

Q. Not sufficient time to go over it and to analyze it?

A. I merely showed it to you and said it was what we were going to submit to the Corporation Commission, and you said you would like to have the labor account analyzed and I told you I didn't think I could itemize where the different men worked.

Q. You don't attempt to state to the Commission that this is a correct statement of all those things?

Mr. Foster: I object to that at this time.

Examiner Patton: Mr. Barksdale has testified that all expenditures kept in the general office are true and correct and that the other figures were taken from the local manager; I think that gets it fairly in the record.

Mr. Johnson: Well, I wanted merely to cross-examine.

Examiner Patton: Go ahead.

Mr. Johnson: You don't attempt to say that these are correct figures?

A. That is the total of the amount expended by the gin managers and what we bought for them and paid for them in the way of repairs, bagging and ties and insurance, as shown by our books.

Q. Take this Bristow man, you know how many men you kept there, for instance?

A. No; the Manager knows. I know approximately. I know about how — men it takes—the manager, the bookkeeper, the gin-man, and the fireman and packer.

Q. Well, does it take a cotton buyer, for instance?

A. The Manager bought cotton for us at that point.

513 Q. You have interest and exchange figures here?

A. Yes.

Q. Is that a necessary element of ginning?

W. We have to pay it; certainly. We part with the money.

Mr. Johnson: Now, you only want to offer this as to the Bristow gin?

Examiner Patton: As I understand, Commissioner Henshaw requested that statement be made up for all gins that were operated as oil mill gins and he is now verifying it for that purpose.

Mr. Johnson: Now, we have not had time to analyze these figures so they could be criticised.

Examiner Patton: Let me ask one question that I think will facilitate matters a little. Mr. Barksdale, if there are errors in that statement, are those errors due to the local managers?

A. If there are errors?

Q. Yes.

A. Well, this statement balances up with our books and the books balance with the bank.

Q. Are the books correct?

A. Yes, sir.

Q. And the statement as to the Bristow gin operated by Mr. Corley is correct so far as your books are concerned and so far as the report filed by Mr. Corley, as manager of that gin, are concerned?

A. Yes, sir.

Mr. Johnson: We move to strike the statement out, there being no reasonable reason for it.

Examiner Patton: These are offered for the purpose of identification in the record and verification as a statement already filed 514 with the Commission.

Mr. Johnson: Now, let me understand, is this Commission holding that this is evidence in this case?

Examiner Patton: That will be a matter for the Commission to determine, and to my judgment will want nothing further on this.

Mr. Johnson: This statement, I don't think has been sufficiently verified for evidence in this case.

Examiner Patton: My judgment is that the statement is sufficiently verified now to be considered in evidence as an exhibit to the testimony of Mr. Barksdale.

Mr. Johnson: If that is true and the Commission will take that statement true I want time to look into the figures. I am willing to take Mr. Corley's statement for it, but I am not willing to take this man's statement for it, because I don't think it is right.

Examiner Patton: Then, do you deny the correctness of the figures submitted by Mr. Corley to the oil mill company?

Mr. Johnson: I deny the figures submitted to the court now by Mr. Barksdale. I deny the correctness of them.

Examiner Patton: Well, you would have to impeach his evidence because he has testified it is correct.

Mr. Johnson: Oh, I beg your pardon; I question whether they are proper items for ginning. For instance, here is labor at the Bristow gin of \$1648.00 and of another gin 17 hundred and something. Now, for instance, at some places the man is the buyer of cotton and at some they run grist mills like Owens does down here. Now, we object to the figures given for the reason that they are not sufficiently itemized to enable the Commission to arrive at a proper conclusion from the statements of counsel and the witness as now given 515 of record in this case, and I will further state to the Commission that we have not had chance to examine the figures until this minute, and that the figures offered in evidence are relative to a Bristow gin not within this country and we have no access to any record that would show us whether or not they are correct and there is nothing before this Commission to enable us to properly cross-examine the witness on them.

Examiner Patton: If there is any element of expenses that was paid for the Bristow gin at the time that Mr. Corley was operating it which is not a proper charge to gin account, you will be at liberty to examine him on that. You have your witness here and you can examine him on that.

(Mr. Barksdale excused and examination of witness Corley continued).

Mr. Johnson: Mr. Corley, on your cross-examination, you stated to the counsel that there was a rule that the cotton buyers would give more where they got the seed than they did where they didn't get the seed?

A. Yes, sir.

Q. Now explain what kind of rule.

A. It was a general rule.

Q. Now, you mean to state that that was a general rule on the part of all the ginners that were buying cotton?

A. That was the rule that day on every ticket that I got; I don't think I got a ticket but what was that way, and I got a good many.

Q. That rule went into effect last Tuesday?

A. Yes, sir.

Q. That is, all the buyers simultaneously offered that?

A. Yes.

Mr. Hoffman: We object as being immaterial.

516 Examiner Patton: Objection overruled.

Mr. Hoffman: Exception.

Mr. Johnson: Relative to getting your seed, state whether or not, as a matter of fact, you have at times before Tuesday gone to the gin and taken your seed away?

Mr. Hoffman: We object to that as immaterial.

Examiner Patton: Objection overruled; let it go in for consideration of the Commission.

Mr. Hoffman: Exception.

A. I have at Rooney's; nowheres except Rooney's. It is only since this fight has been on here.

Q. How about last year?

A. The same way last year.

Q. Now, explain to the Commissioner how they take these seed away?

A. They have a bin with a drop door, something like this (indicating) and the seed goes in there and the customers drive under there and turns the door loose and the seed drops into his bed.

Q. Now, the gin man when he goes to gin arranges so that the seed will go into the custom seed?

A. Yes; they have a door that cuts it off, and the farmer drives under the shed with his cotton and then runs it out and then drives out from under the suction and drives under the seed chute and drops his seed in afterwards.

Q. So that you send a wagon down of your own before the other man gets away from the suction?

A. Yes sir.

Q. As a matter of fact, it would be fully as easy under the arrangement to have your teams get the seed as the other man?

A. Yes; just as easy. The other man has got to drive back 517 to the scales to weigh if they get the seed.

Q. In this statement as to the Rooney gin, you stated that three men were now doing the ginning?

A. Doing the ginning except the office work and the buyer on the street. That is one man does the engineer's work and the ginner's too.

Q. How does it happen that he can do that?

A. He has got a ground floor gin.

Q. Does it make it any easier on him by reason that he burns gas there?

A. Yes.

Q. He couldn't do that if he burned coal or wood?

A. No.

Q. As a matter of fact do they burn gas there?

A. Yes sir.

Q. State whether or not, as a matter of fact, they burn gas at all these gins?

A. Yes sir.

Q. Gins at Chandler?

A. Yes sir.

Q. Now, relative to this Bristow gin and the figures that have been

offered in evidence here, state whether or not you know anything about the facts there as to whether or not they are correct figures?

A. I haven't looked over the figures; I couldn't tell.

Mr. Hoffman: We ask you to take time and satisfy yourself as to their correctness.

Mr. Johnson: Now, I think the Commissioner can readily see that we can't satisfy ourselves from a statement—

Mr. Hoffman: The statement don't satisfy you; but as to their correctness?

Examiner Patton: I think that defendants in this case 518 might submit the books, as kept by Mr. Corley, then if he finds a statement of his expenses are incorrect, after examination as to the labor item of \$2750.00, he could run through the reports and make comparisons to satisfy himself to their correctness.

Mr. Hoffman: But that is five months' work of the season.

Examiner Patton: That would only be twenty reports—one a week.

Mr. Johnson: Why don't they get them here in court. Comes now the complainant and offers to accept the books and permit Mr. Corley to look them over and offer to make a statement from the books—from the figures made by him as to the exact cost of ginning, provided the Commission will give us sufficient time to do it.

Examiner Patton: Mr. Corley, how long would it take you to make an examination of the books as kept by yourself upon the item of labor expense?

A. Well, it would take a right smart time to run over it.

Q. About how much time?

A. I don't know; I don't know how he has got his books kept.

Q. How long would it take you to examine those reports?

A. It wouldn't take long.

Q. There is only about twenty-five reports.

Mr. Barksdale: I would be glad to go and get the books and reports and bring them into court.

Examiner Patton: Well, you can bring those books up here, please sir. Now, Mr. Johnson, the Commission realizes that there were certain expenses charged up to the other line of gins, A. M. De Bolt Company, for instance, that might not be proper charges to gin account; for example, the manager of a local gin who was maintained largely for the purpose of buying cotton, and other items that went to make up the detailed expenses for the plant, which might not be proper charges to ginning.

519 Mr. Hoffman: That is, for what is known as custom gins?

Examiner Patton: Yes sir. Now, you take, for example, one of the De Bolt plants, ginning, say six hundred bales per season and only fifty or fifty-five of which were custom ginned bales. The Manager couldn't be maintained for the purpose of ginning that custom cotton, but he is maintained—and Mr. Hagel, General Manager for the De Bolt line of gins, admitted that he was maintained—

largely for the purpose of buying cotton. Now, if there is anything along that line that you can show, it seems to me you have your witness here and it is up to you to show it through him.

Mr. Johnson: We have already identified our figures. This case was started a year ago when this raise came here in the fall and we then, at that time, showed what we are attempting to show now, and we want to show that it takes just so much labor to operate a gin. Now, we know that it takes one ginner, and it takes one foreman and it takes two packers to run that kind of a gin stand at Bristow and we are willing to figure in the Manager. We don't care about that, except this; that if you put in the Manager then if we give him full insurance upon his plant, then he must *except* no more than interest on his money. Now, if he is willing to cut out the Manager, then we are willing to allow him reasonable profit on his business, or we are willing to give him a manager on his business.

Examiner Patton: We will assume that the gin owner is the manager. He is entitled to a salary for his labor or else he is entitled to a profit for his labors over and above the interest on his investment.

Mr. Johnson: Yes; we are conceding that.

Examiner Patton: Mr. Corley, in a four seventy-saw gin plant—4 stand, 70 saw—you say it can be operated with 4520 men?

A. Yes.

Q. Now, that is the foreman, engineer and two pressmen?

A. Yes.

Q. In that case, who would weigh the cotton?

A. If they are not buying cotton they have no use for the weigher.

Q. And the farmer then would be expected to unload the cotton from the suction for himself, would he?

A. Yes.

Q. Is that the custom over the county?

A. No sir; it is not the custom over the county. That is the custom where they gin custom cotton.

Q. Where a cotton company maintains a cotton buyer, as a rule, they furnish a man as a suction feeder?

A. Yes; they do to unload their cotton at the gin plant when they are not unloading at the house. That man has to see and has cotton at the cotton house.

Q. Now, we had some testimony yesterday that bagging and ties would vary in price at times, have you bought any this season?

A. No sir.

Q. I understood you testified that bagging and ties were worth 85 cents?

A. Well, I have investigated it.

Q. We had testimony yesterday, in which it was said that the wholesale cost of bagging and ties at the beginning of the season was 92 cents, what do you know about that?

A. Well, what weight?

Q. There was nothing on the weight. Standard bagging and ties was the basis of the testimony.

521 A. Well, it might be standard bagging. Some might call 2½ standard and some might call 2 pound standard. 2 pound should be the regular standard bagging.

Q. What do they charge here for bagging and ties?

A. I don't know; they charge four dollars for ginning and wrapping. I don't know what they figure that in at.

Mr. Hoffman: I understand you to say that it was 85 cents a pattern?

A. Yes sir; 85 cents a pattern.

Q. I would like to know what you base your figure on?

A. Well, I asked about it.

Q. Who did you ask?

A. I asked one at this little place this side of Shawnee on that road.

Q. When did you ask him?

A. I ask him—we first commence to talk about the seed business and he asked me who I was shipping seed to. He said he was in Shawnee district and they wouldn't offer him anything for seed, and I asked him what his bagging cost him and he said that—I forget what he said at the spring—but he says now they was 85 cents.

Q. Now, as one of the complaining witnesses, haven't you undertaken to find out what is the cost of patterns here at Chandler now?

A. Well, that is what I asked him.

Q. That was down at Shawnee?

A. No; that was this side of Shawnee.

Q. Have you asked anyone here?

A. No sir; I haven't asked a man here, because I knew I couldn't get correct figures.

Examiner Patton: Is it customary to make a certain charge for ginning and for bagging and ties in addition to that price?

A. I don't know that it is customary.

Q. Well, it is customary in some communities?

A. I used to gin for 40 cents a hundred and the people furnished the bagging and ties themselves.

522 Q. The gin generally furnishes that?

A. Yes; to save the trouble of keeping books on this bagging and ties.

Q. Mr. Hagel, of the De Bolt line of gins, yesterday testified that standard bagging and ties was worth \$1.25 per pattern now?

A. \$1.25; that must be the 2½ pounds.

Q. That was the testimony yesterday, and I believe Mr. Owens' testimony was that he bought before the ginning season begun and bought in large quantities—he said 15 hundred patterns—and that he paid 90 cents and would have to pay more if he bought at this time, either 1.22 or 1.25, I am not sure?

A. Well, what did they say would be the length of pattern?

Q. I suppose standard quantity.

A. I don't know how they figure it.

Q. If they use 4½ yards of 1½ bagging, I think your item of 85 cents would be too big?

A. Well, we would prove it.

Mr. Johnson: Mr. Corley, when you run the Bristow gin, how many men did you use in ginning?

A. Now, do you mean them all?

Q. Just for ginning?

A. 4.

Q. What did you pay your fireman?

A. \$2.00.

Q. What did you pay your ginner?

A. Now, I won't be positive about that.

Examiner Patton: I think you have covered that already; there is no use filling the record with superfluous testimony.

Mr. Rittenhouse: Did you say you ginned with four men?

A. Yes; that is what it taken to gin.

Q. That is what you say you run the gin with?

A. Yes.

523 Q. Who were they?

A. I used a foreman, engineer and two pressmen.

Q. Now, what did you pay your pressmen?

A. I paid them two dollars a day.

Q. What did you pay your ginner?

A. \$2.50, I think was what I paid him.

Q. What did you pay your foreman?

A. I don't remember whether it was \$2.00 or \$2.50.

Q. Do you know how many days you run that year?

A. No, sir.

Q. You worked there at the gin?

A. No, sir; I bought cotton on the street.

Q. You didn't have anything to do with the gin—how did it come that you paid off the hands at the gin and regulate the employment?

A. Well, I was employed as manager there and to buy seed.

Q. How much did you get?

A. I got one hundred dollars.

Q. A month?

A. Yes.

Q. And you were hired not only to buy and sell cotton, but you was still operating the gin?

A. No, sir.

Q. Oversee the operation of the gin?

A. Yes, sir; to see after the whole thing.

Q. I will ask you if you didn't make demand for a thousand dollars a year to operate their gin here?

A. How is that?

Q. If you didn't make a demand when requested as to the charge—that you didn't want a thousand dollars a year to operate this gin?

A. Well, I don't remember now; we was talking about trading once.

524 Q. You asked them one thousand dollars for ginning one thousand bales, isn't that the most that has been ginned in any one year at that gin?

A. No, sir.

Q. How many did it gin?

A. 15 hundred.

Q. And you wanted one thousand dollars to gin 15 hundred bales, did you?

A. No, sir; if I did, I don't remember it.

Q. Now, your cost; you don't figure your cost anything, do you?

A. Of course, I know I cost them something.

Q. How many other men did you have on your payroll at Bris-tow?

A. 2.

Q. Then, when you say you had two pressmen, engineer and the foreman employed there, that wasn't correct, was it?

A. Yes.

Q. It was?

A. Yes.

Q. You say now you had three besides that; seven altogether?

A. Yes.

Mr. Johnson: What did the other three men do?

A. One of them feed the suction and put cotton in the house that we bought. I bought cotton on the street. And the other one weighed cotton and seed which we bought.

Mr. Rittenhouse: Who kept the books—another man?

A. The weigher.

Q. Then you must have had eight men working instead of four?

A. There was eight of all of us. No, there was only seven of us in all.

Examiner Patton: What else did the weigher do?

A. That is all he done was to keep the books and help buy cotton.

Mr. Rittenhouse: Who keep up the tagging of the bales—keeping track of the bales?

525 A. That was the one that ties the cotton out.

Q. The weigher did that?

A. The weigher?

Q. Yes.

A. No; that is the one that tied the cotton out.

Q. That is the pressman, you mean?

A. Yes, sir.

Mr. Johnson: This weighman, did he have anything to do with the ginning?

A. No, sir.

Q. Is he a necessary man in the operation of a gin?

A. Which one?

Q. The man who weighs?

A. No, sir; he merely weighs for the convenience where you are buying cotton.

Q. This suction man—where he puts the cotton into the outhouse, that is merely where you buy the seed cotton?

A. Yes.

Examiner Patton: Did he unload custom cotton?

A. He did when there was a wagon there to unload in the house.

Mr. Johnson: He would do that for the convenience of the customer?

A. Yes, sir.

Q. What was the usual custom as to the farmer unloading his own cotton?

Q. A heap of them unloaded, especial- if they was unloading at the house. A suction man was already furnished there to see after the dirty cotton or anything of that kind, he was kept there for that purpose. And when he was there and there was no cotton going into the house, he generally *hope* them unload the wagon.

Examiner Patton: Were there any other gins at Bristow?

A. Yes, sir.

526 Q. Did they maintain a suction feeder?

A. Yes, sir; they had a suction feeder.

Q. Did they unload for the custom ginning?

A. Yes, sir; just like I did.

Mr. Rittenhouse: You had full control of that gin, as far as the running of it was concerned?

A. Yes.

Q. And when a custom bale came in there what was the first thing done with it?

A. A custom bale?

Q. Yes; up there at Bristow?

A. Some of them would drive on the scales.

Q. And you would weigh it?

A. Yes.

Q. And you would weigh every one of those custom bales?

A. No, sir; we didn't.

Q. That was customary to do it?

A. Not all of them.

Q. And you say it is not the custom for these gins to weigh the custom cotton that comes in there?

A. No, sir; I don't think it is. I say a good many of them do.

Q. But you do in most cases at Bristow weigh the custom cotton?

A. No.

Q. But it was your custom to weigh custom cotton?

A. It was where we bought the seed.

Q. That is true of all the gins, in the county?

A. Yes, sir; it is where we buy the seed.

Q. And the custom is to have a ~~man~~ man at the suction up there?

A. Well, I told you that once.

Q. Well, tell it again to me. You say the custom is to have a man at the suction?

A. It may be.

Q. That is the general custom in this country?

527 A. They have a suction man on when he is not at the house seeing after their cotton. He is not there all the time.

I bought a load of cotton this fall and I unloaded it myself. There was no suction man there.

Q. If it was the custom to have a suction feeder, then it would take two more men than you have estimated here, besides the manager?

A. Yes.

Mr. Johnson: Now, Mr. Corley, the only reason you had that weighman there was for the purpose of weighing the seed cotton that you bought?

A. That is the only purpose he is there for.

Examiner Patton: Mr. Corley, is there any complaint on the part of the farmers about the high prices of cotton in these towns caused by competition among the buyers?

A. No.

Q. Is there any complaint among them on the price of ginning?

A. Yes.

Mr. Johnson: Is it just the complaints on the ginning?

A. Yes.

Mr. Rittenhouse: You are a cotton buyer and you are the man that circulated the petition among the farmers for this hearing here?

A. No, sir; I never circulated that.

Q. I will ask you if you didn't circulate a petition among the farmers complaining about the cost of ginning?

A. No, sir; I haven't circulated any petition at all.

Q. Not at all?

A. No, sir.

Q. Relative to cotton seed?

A. No, sir.

Q. Did you circulate a petition asking the farmers to sell you their cotton seed?

528 A. Well, I asked them if they would do it.

Q. Yes.

A. I was making contract with them for the seed.

Q. If they didn't weigh the custom cotton, how could you tell how much seed goes to a man?

A. When you drop the door he gets his seed.

Q. Don't they have to have weights there to tell how much a man has coming to him?

A. No, sir.

Q. He don't have to do that?

A. No, sir.

Q. Well, they do do that?

A. Yes; they weigh them out; some of them claim they are mighty short too.

Q. And you would have to have a weigher to do that?

A. Yes, of course you would if you was not buying them.

Q. Who is it that claim that they are mighty short; name the fellows that claim they were short and the gins that short-weighted them?

- A. We will bring them on the stand.
Q. Name the farmers that have told you and the gins?
A. I couldn't name them all.
Q. Name what you can remember?
A. Well, here is three or four right there (indicating).
Q. Name some of them?
A. Mr. Osborne is one.
Q. Name the gins?
A. I couldn't tell you the gins.
Q. Go ahead and name the rest.
A. Well, Mr. Brown.
Q. Now, those were in custom bales, was it, they were short-weighted?

- A. Yes; most of them.
Q. And it was necessary to have it weighed to find out
529 whether they were short or not?
A. I say it is necessary to have a weigher if they don't have a seed box.

Examiner Patton: Mr. Corley, how do the cotton prices in Chandler compare with those of other towns adjacent?

A. Well, they tell me that cotton is higher at Wellston than it is here.

Q. What do you know about the prices at Stroud?
A. Well, I don't know anything about the prices at Stroud. I have heard a great many farmers say that they were paying more at Wellston than here.

Mr. Hoffman: That is the only point in the county that you know of?

A. That is the only place that I have heard of.
Q. Been a local fight on there?
A. I don't know.

Mr. Johnson: Mr. Corley, how did the price of cotton seed start off this season, and who raised it?

A. Well, when I commenced buying they was paying \$18.00; I am paying \$22.00.

Q. Who raised it up to that?
A. I did.
Q. What are you getting for it?
A. \$24.00.
Q. I will ask you if that isn't two more than the local men are getting for their seed?

A. Which local men—the cotton buvers?
Q. Yes.
A. I don't know what they are getting.
Q. I will ask you if you are not getting \$2.00 per ton more than they are getting?
A. I don't know what they are getting.

Examiner Patton: What price did you pay when you first commenced buying seed?

530 A. I paid \$20.00, and they was paying \$18.00.

Q. What did you get for them at that time?

A. I got \$24.00.

Mr. Rittenhouse: You made four dollars on the ton?

A. Outside of my hauling and I had to load.

(Witness excused.)

Mr. EDWARD MCKIM, being first duly sworn, testified as follows:

Examiner Patton: Give your name?

A. Edward McKim.

Mr. Johnson:

Q. What official position, if any, do you hold?

A. Deputy County Treasurer.

Q. As such do you have records in your office showing assessments and amount of taxes paid by people?

Examiner Patton: I understood that was all admitted on what purported to be correct transcript of the assessment rolls.

Mr. Johnson: That was the assessment list there, but not the actual taxes paid on Mr. Owens' gin.

Examiner Patton: Mr. Owens has submitted a statement on that.

Mr. Johnson: But now we offer it as an actual fact.

Examiner Patton: If you know the amount of taxes paid, which we do from the statement submitted, and knew the levy, we could tell what the assessment was.

(Stipulated and agreed between the parties that the rate of assessment or the levy for the city was 37.15 mills.)

Mr. Johnson: Will you examine your records and state, if you know what the actual taxes paid for the year 1912 by Mr. D. R. Owens on the south gin?

A. On what block?

Q. Being lots 13 to 19, in block 88.

A. Yes; what was it you wanted to know?

531 Q. Taxes paid?

A. The taxes paid here is \$32.48.

Q. State what that includes?

A. Well, we have no method of knowing what that includes; it is the valuation on the lots 13 to 19, as assessed at \$125.00 each.

Q. Your assessment records will show what it includes.

Mr. Rittenhouse: That don't include personal property?

A. It is for the lots.

Mr. Johnson: Turn to his personal property?

A. The personal property of Mr. Owens is valued at \$5,150.00; the taxes is \$189.20.

Q. Now, have you any way of telling there what that includes?

A. No sir.

Q. Your assessment list will show that?

A. This is the abstract of the assessment list.

Mr. Johnson: Well, we don't care to offer that unless the Commission want it.

Mr. Hoffman: Well, we want it.

Mr. Rittenhouse: We want that placed in evidence.

Mr. Johnson: Let me explain; Now this includes all his personal property and we have no way of showing from that just what he paid on this particular gin.

Examiner Patton: Now, as I understand, you have already introduced copies of this assessment roll as regarding Mr. Owens' assessment, and unless there is some error found, it will stand with the stipulation that it is correct without certification.

Mr. Johnson: Well, all I was wanting here was not to get the Commission mixed up on the personal property and since he didn't show it separately—

Examiner Patton: Wouldn't it be shown in the copy of the assessment rolls that you have there?

A. Well, it would be shown on the assessment—

532 Mr. Johnson: Comes now complainant and asks the Commission to strike from the record that portion of the testimony of Mr. McKim, Deputy County Treasurer, relative to the personal assessment of Mr. D. R. Owens, for the reason that it is not shown what the separate assessment of gins are, but shows the total of his personal property. It is not competent evidence in this case and we ask that the rate be figured upon the stipulation as agreed to by counsel heretofore of 37.15 mills, based upon the assessment list as introduced in this case.

Examiner Patton: Rather a novel procedure, counsel; I am not striking anything; everything goes for the consideration of the Commission.

(Witness excused.)

Mr. J. E. OSBORNE, being first duly sworn, testified as follows:

Examiner Patton: State your name to the stenographer?

A. J. E. Osborne.

Mr. Johnson: State what you know of being short-weighted?

Mr. Hoffman: We object to this class of testimony; it has no relation whatever for any purpose in determining the price of ginning.

Mr. Johnson: I think it would be competent in this much: that a ginner who is doing a public business and whose gin is run in such a manner as to short-weight the farmer, the Commission would probably be entitled to make an order requiring them to protect the farmers.

Examiner Patton: Oh, if the Commission found there was any extortion, they would do that.

Mr. Johnson: Go on and state?

A. Well, here the other day, I can give the dates here, I have got the ticket down here, down here at the round bale I weighed my load of seed cotton, it weighed 3,040—

533 Mr. Hoffman: Just a minute—Mr. Peck who represents that gin has gone back home.

Examiner Patton: Is the round bale people party defendant in this case here?

Mr. Johnson: Yes.

Examiner Patton: And Mr. Peck represents them?

Mr. Hoffman: Yes; he represents the round bale gin.

Examiner Patton: Well, let it go on any way. Go ahead.

Witness: I weighed my wagon back with the seed in it and he wouldn't put it down that way; he put it 1,340 pounds, 1,700 pounds of seed cotton, which he had no business to do; so I figured out the difference of 80 pounds short there.

Examiner Patton: Cotton or seed?

A. I don't know which it was. It might have been lint. He wouldn't put it down the way I weighed it. I disremember what the load weighed now, but there is the way he put it down (indicating), but I figured it out that I was 80 pounds short. He asked me what my picking weight was and I told him 1,807.

Examiner Patton: Were the seed weighed back to you?

A. I weighed the wagon, seed and all.

Q. How much did it weigh?

A. I forget just what it did weigh, but he wouldn't put it down that way. It showed a shortage of 80 pounds. He put it down so as it figured even, and I have done that before on other occasions and I have got tickets to show for it. Sometimes it would be two or three hundred pounds short. I have got the tickets.

Q. Did you weigh your cotton when you carried it to the gin?

A. It weighed 1,707 pounds according to the field weights.

Q. Then you lost 7 pounds at the gin?

A. I couldn't tell you about that; you see my wagon and seed weighed 3,040.

534 Q. You weighed back with your seed?

A. Yes.

Q. How much did it weigh?

A. 2,330, I think it was; I didn't see it.

Q. Well, add the bale to that 2,330 and see what it would make? Now, you say it should be just the same as this? (indicating).

A. I couldn't swear positively.

Q. Do you know how much your wagon weighs?

A. I don't remember now.

Q. How did he get that 1,340?

A. That is what he said the wagon weighed.

Q. How long before that when your wagon had been weighed empty?

A. Why, I don't remember; just a day before that it had been weighed.

Q. Do you know what it had been weighing?

A. No; I don't remember.

Mr. Rittenhouse: I ask that that ticket be made a part of the record for the reason that the attorney for that gin is not here, and

I think the ticket from which he testifies should be made a part of the record, and I now ask that the ticket be marked "Exhibit No. 1" and introduced in evidence.

Examiner Patton: Entered.

(Exhibit No. 1 is in words and figures, as follows, to-wit:

"Bale No. 409
410

Oklahoma Gin Co.
Planters Gin Co.

Custom Ginning Scale Ticket
Plant C-9-24-1913

Mr. J. E. Osborne

Gross 3040

Tare 1340

Net 1700

Not Negotiable

Amount of ginning

Weight of bale	525
Amount	\$71.40

13.60

(Signed.)

C. A. HAGAN."

Mr. Rittenhouse: You figured the shortage from that ticket, did you?

A. I didn't figure it; he wouldn't put it down as the wagon 535 weighed; he wouldn't put it down that way. I am under oath and I will swear that he didn't.

Q. I will ask you the day before, that your wagon weighed 1,340?

A. I don't remember what it weighed.

Q. About that?

A. A little over may be; I don't know. I have had them weigh my wagon a little over fifteen hundred pounds.

(Witness excused.)

Mr. A. C. KALKO, being first duly sworn, testified as follows:

By Mr. Johnson: State your name?

A. A. O. Kalka.

Q. You live here close to Chandler?

A. 4 miles east.

Q. Have you lived here a long time?

A. Yes sir.

Q. Farming out there?

A. Yes sir.

Q. Got considerable land of your own out there?

A. Yes.

Q. Have you ever heard any complaints about this shortage at the gins?

Mr. Hoffman: We object as hearsay.

Examiner Patton: Let him state of his own personal knowledge.

Mr. Johnson: What do you know?

A. We have ginned considerable cotton this year and it always falls short 80, 90 and sometimes over a hundred pounds. Now this particular thing that I might tell. Now, I don't know whether I was shortpotted or not. I just want to state what I have seen.

536 Mr. Rittenhouse: Mr. Kalko what gin are you speaking of?

A. D. R. Owens' gin.

Q. Which gin?

A. South gin. It was bale #198, was mine and I had taken the seed myself individually. Hauled them out to my place, and bale 199, I sold the seed to Corley and that is the bale that Corley's team got the seed and Owens refused to let him go under any more. He says "you can take the seed while you — under, but hereafter don't do it." Well, when they got through ginning this bale #199, they dumped the roller and Corley's man was up there in the seed house and he wanted to know whether to take the seed. They was still ginning at the time, and he says "yes, ready for you" and when they dumped the roller they throwed the seed from the roller into Owens' seed box, and whether I am entitled to that; I don't know. But I don't think Owens ought to be entitled to them because there was a customer behind me.

Mr. Rittenhouse: Explain that ~~other~~ proposition.

A. That is the roller—that is when the saws gums up and have got to throw the roller to clean the space where the saws run through.

Examiner Patton: Do they dump that roller for the ginning of every bale of cotton?

A. Not that I know of; I wouldn't swear whether they dumped it before my first load, but I know they dumped it after my last load.

Q. If that had been a custom bale that was just ginned prior to the time that yours was ginned—

A. It was a custom bale amead of my; yes sir.

537 Q. Did they dump the roller before you?

A. I don't know; I couldn't swear to that, but I do swear that they did dump it with me when they got through with bale 199 and throwed the seed into Owens' seed house. Now, I don't know whether I am entitled to that or not.

Mr. Hoffman: Mr. Kalko, this roller that you speak of, do you know whether or not it was dumped before your cotton was ginned?

A. No sir; I don't know.

Q. If it had been dumped before, then that seed wouldn't belong to you?

A. I say it didn't belong to Mr. Owens.

Q. Who would it belong to if not Owens?

A. I baled the bale before this—198, it was my cotton and I taken the seed home and 199 was my bale and I sold the seed to Corley.

Q. Before bale 198, you don't know whether or not the roller was full of cotton that time?

A. No sir; I don't. I don't claim that I was entitled to that seed, but I claim that Owens was not.

Q. Well, whose was it?

A. Well, I don't know.

Q. Whose cotton had been ginned prior to the time?

A. One bale of mine.

Q. Well, prior to that?

A. I don't know.

Q. Well, if it had been Owens' cotton prior to that time, he would have been the owner of the seed?

A. I couldn't tell you.

Q. If you got a roller full of his seed and he got a roller full of yours, then you would be even?

A. Yes; but the fellow that ginned behind me; he would 538 start on a new roll and he would not get any.

Examiner Patton: If the roll was emptied into the wagon of the customer ginning behind you, why it would be even all around?

A. But the roll was dumped. Now, I say I don't know whether I was "shortpotted" or not.

(Witness excused.)

JOHN B. CHAPPELL, being first duly sworn, testified as follows:

By Mr. Johnson:

Q. State your name?

A. John B. Chappell.

Q. Did you measure some bagging on these gins here in Chandler?

A. Yes.

Q. How did you find it?

A. 4½ yards.

Mr. Hoffman: When did you measure it?

A. I believe it was Saturday morning.

Q. Where?

A. Just behind the store.

Q. Whose was it?

A. One of them was Rooney's; one was from the north gin.

Q. On whose request did you make the measurement?

A. Mr. Corley asked me to.

Q. Was Corley there?

A. Why, he was there.

Q. Who was there when you measured it?

A. Mr. Martin Westover and the old man Gibbons.

Q. Did you put your figures down?

A. No, because we all three stood there and watched the stick go around.

Q. Who measured it, you or Mr. Corley?

A. I did it myself.

539 Q. He had these three witnesses so he could testify here?

A. I suppose so.

Q. Who measured the Rooney bale?

A. I measured all three of them, well there was four.

Q. Who was the owner of the fourth bale?

A. Well, I don't know who owned it. I suppose Corley or Mascho owned them.

Q. Do you know whether that bagging was standard weight or not?

A. No sir.

Q. You don't know?

A. No sir. I am only testifying as to the length of bagging; that is all I know about.

Q. And you couldn't say to this Commission whether or not it was standard bagging?

A. I don't know what you call standard bagging.

Mr. Hoffman: This is square bale cotton you are talking about?

A. Yes.

Q. You measured it with a stick?

A. I measured it with a yard stick.

Q. Did you measure the curves that the ties make around the bale with that yard stick?

A. I just measured around that bale.

Q. You didn't take into account the curves where the ties press in around the bales?

A. No.

Examiner Patton: The bales that you measured, did you notice how much bagging lacked meeting on the ends?

A. Well, they lacked quite a bit.

Q. More than usual?

A. I couldn't say.

Mr. Rittenhouse: Was there any vacant space on the end of the bale?

540 A. Yes.

Mr. Johnson: State to the Commission about how much of the bale that was naked?

A. I would think there was something like a foot; near a foot, I wouldn't be positive.

(Witness excused.)

Mr. M. Z. WESTOVER, being first duly sworn, testified as follows:

Mr. Johnson: State your name?

A. M. Z. Westover.

Q. Where do you live?

A. Northwest of Chandler.

Q. Have farms out there?

A. Yes.

Q. How long have you lived here?

A. Well, I don't know just how many years; I have lived here twenty years in six miles of town.

Q. State whether or not you have had experience in the ginning business?

A. I have.

Q. What kind of experience have you had?

A. I have done a little of all of it.

Q. State whether or not you have worked for Mr. Owens?

A. Yes; I worked for him.

Q. Have you observed the bales here within the last year?

A. Yes.

Q. As to how much bagging they put on them?

A. Yes; there was three of us over here that measured four bales.

Q. How much bagging did you find on them?

A. 4½ yards.

Q. Have you observed a great many bales as to the relative amount of bagging compared with the ones that you measured?

A. Yes, I have.

Q. Have you found any that had more than that?

A. Well, I don't know as I have noticed them, but the bagging and ties should be six feet.

541 Q. You mean yards?

A. Yes.

Q. Did any of them that you saw have as much as six yards on them?

A. Not this year.

Q. State whether or not the bagging is supposed to come down and cover the whole length of the bale?

A. It is.

Q. How much of the bale is exposed on these that you have observed here?

A. About 18 inches.

Q. On each end?

A. Yes on each end.

Q. What effect does that have on the cotton as to damaging it?

A. It don't let a bale of cotton show up as nice; it gets dirty and everything else.

Mr. Hoffman: You are the Westover whom the witness Chappell testified was present when the measurement was made?

A. Yes, I was.

Q. Did you do the measuring?

A. No; this fellow that was testifying did that.

Q. You have a personal grudge again- Dave Owens, one of the defendants in this case?

A. A little bit on the four dollar a bale deal.

Q. Didn't you go up and down the street here demeaning him?

A. I have a right to.

Mr. Johnson: You have no personal grudge only the matter of ginning here?

A. Yes.

Q. Have you heard——

Mr. Hoffman: We object as to any hearsay testimony.

Examiner Patton: In a general way, it wouldn't receive any consideration from the Commission which would be valuable, and it may go in for what it is worth.

Mr. Johnson: Well, the Commission, I presume, will sift
542 out a great deal of evidence. I think they have been showing here that there isn't any complaint from the farmers, but we want to show where it is.

Examiner Patton: Go ahead and make your statement.

Witness: Well, that is all over the country; everybody has got that in their mouth; complaining about the high prices of ginning.

Examiner Patton: Do you know anything about the prices of ginning in other towns?

A. Nothing over hearsay, but I hear they are only charge \$3.50 in neighborhood towns in Warwick and Kendrick and all around towns.

Mr. Johnson: How long since you worked for Mr. Owen?

A. Three or four years.

Q. What was the price of ginning then?
\$3.00.

Mr. Hoffman: We object to that as immaterial.

Examiner Patton: Let it go in for what it is worth.

Mr. Johnson: You have raised cotton for the last twenty years?

A. Yes sir.

Q. What is the lowest price you ever paid for ginning?
A. \$2.50.

Mr. Hoffman: We object to that.

Mr. Johnson: How long ago was that?

A. Well, it has been four or five years ago.

Q. When was it raised above that?

A. It was first raised to \$2.75.

Q. How long ago was that?

A. That was just a short time before it went up to \$3.00.

Q. How long since it was raised to \$3.00?

A. About seven or eight years ago; somewhere along there.

543 Examiner Patton: Mr. Westover, what is the lowest price at which ginning is done at any place you know at the present time?

A. \$2.50.

Q. Where is that?

A. No; I don't, \$3.50 is the lowest I know of.

Q. Do you know where Avery is located?

A. No, I don't.

Q. I have an affidavit that they charge four dollars for ginning at Avery, do you know whether that is correct?

A. No, I don't.

Q. Do you know where Kendrick is located?

A. Yes.

Q. Do you know what they are charging there?

A. No; but I hear that they are ginning for \$3.50.

Q. Do you know Mr. W. E. Sulzer?

A. No; I don't.

Q. Do you know C. D. Hicks?

A. No.

Q. I have his affidavit that they charge \$4.00 at Kendrick.

A. Well, they might do it.

Q. Do you know where Davenport is located?

A. Yes.

Q. Do you know T. J. Lewis?

A. No.

Q. I have his affidavit that they charge four dollars at Davenport, do you know whether or not that is correct?

A. No.

Q. You don't know the prices of any of these gins that is owned by the oil mill around here?

A. No.

Q. Do you know what the gins at Stroud charge?

A. No.

Q. I have an affidavit that they charge \$2.00 for a round bale which would be equivalent to \$4.00 for a square bale, do you know whether that is correct or not?

544 A. Oh, I know they are all organized to the four-dollar proposition, all that the oil mills have anything to do with.

Mr. Johnson: Have you any affidavits from Wellston?

Examiner Patton: No.

Mr. Rittenhouse: We can furnish you one from Warwick.

Examiner Patton: The list, however, from the testimony of Mr. Hagel yesterday in Oklahoma City, I think Wellston is included in the De Bolt line of gins. No; I believe they moved it from Warwick to Castle and they are only charging \$3.50, but he says they are losing money on every one of them.

(Witness excused.)

(Witness CHAPPELL re-called.)

Mr. Johnson: You have been in the employ of Mr. Corley?

A. Not this year.

Q. During last year?

A. Yes; I was an employe of his when they refused to let the wagon go under the bin for the seed.

Q. You say you were driving the wagon?

A. Yes.

Q. What did he say when they refused?

A. Just said that they had orders to not let the team under there any more. He just said that we couldn't get them. That was Carl Owens, the boy. I taken a bale of cotton down there, which half of it belonged to L. C. G. Corley and the other half belonged to myself. I drove on to the scale and Carl said he didn't want to

gin old Corley's stuff, so I told him You will gin that cotton, and he went on and ginned it then.

Mr. Rittenhouse: Corley, the same man that is complainant here?

A. Yes.

Q. That is a cotton buyer in Chandler now?

A. I suppose he is; I haven't sold any to him.

Q. You have seen him buying around here?

A. I haven't seen him.

545 Q. He is a cotton buyer at this time?

A. I suppose he is; I haven't sold him any.

(Witness excused.)

Mr. A. E. MASCHO, being first duly sworn, testified as follows:

Mr. Johnson: State your name?

A. My name is A. E. Mascho.

Q. You have been in the gin business at Chandler?

A. Sometimes; yes sir.

Q. Do you know the rate of insurance they charged you here on gins?

A. Yes; I know what the rate is.

Q. What is it?

A. \$3.50 on gin buildings and machinery.

Q. About what per cent of your gin machinery and stands will the insurance companies expect to take at that rate?

A. Well, different gins you know; it is according to the building. The gin we built down here we had good buildings and we could have gotten three thousand dollars, but we only put a couple of thousand on it.

Q. Is there anything else you want to state?

A. I believe not.

Mr. Hoffman: What about liability insurance?

A. We never carried any at our gin.

Q. Do you not think that is good gin policy to pursue?

A. It would be if a man wanted to insure everybody that comes around.

Q. Well, don't you think it is good business sagacity to carry liability insurance?

A. It might be.

Q. The general custom?

A. I don't think it is; the oil mills carry it and I think Mr. Owens carries it.

Q. Well, men who are handling large machinery, is it customary to carry liability insurance?

546 Q. A. Well, I don't know; some say so, and some says not; in the city affairs they have carried it and other councilmen says not.

Mr. Johnson: You have had considerable experience in ginning, have you not.

A. I have.

- Q. Do you know what labor it takes to run a gin?
A. I know what it takes to run a custom gin.
Q. What does it take?
A. It takes four men.
Q. Name them?
A. Engineer, two preeemen and the gin man.
Q. What is the customary price to pay gin men for ginning cotton?
A. We run for four years at \$2.00 and \$3.00.
Q. What do you pay your engineer?
A. About two dollars.
Q. What did you pay your pressmen?
A. About two dollars each.
Q. Is that about what they are paying now, do you know?
A. I think so in the neighborhood; not much difference.
Q. On the itemized statement of Mr. Owens as to the price of ginning, he has included the salaries of Manager and Bookkeeper, state whether or not that is a necessary element of custom ginning?
A. It is not necessary for custom ginning.
Q. Do you know Mr. Owens' gin plant here in Chandler?
A. Yes.
Q. How does it compare in size with the gin plant that you operated here?
A. The plant is about the same size; the machinery never was as good in my estimation.
Q. How does it compare in value?
A. Well, I think our gin cost more than his did. Ours was a new gin and his never was bought new entirely; it was all old pieces, old boilers, and old engines, a piece at a time. Sometimes he would put in a new gin stand.
547 Q. Have you examined these figures submitted by Mr. Owens?
A. I have read them over.
Q. What will you state as to the item of \$1,010.17 as being the proper amount of fuel for ginning 2,289 bales of cotton during the year 1912-1913, is it too much?
A. I think it is too much.
Q. As to the price of labor, \$2,570.13 for the ginning of the same number of bales of cotton, is it too much?
A. I think it is too much.
Q. What do you say as to the item of bagging and ties for ginning that number, being \$1,831.20?
A. I think that figure is at 80 cents a pattern and I think it is about correct.
Q. What do you know about the price \$257.40 for insurance on a plant similar to that one?
A. Well, if he includes cotton insurance, cotton around the gin, and accident insurance, and the insurance on the gin proper, it might not be too much, but for ginning cotton, custom cotton, there would be no necessity of having any of it.

Q. What do you say as to the item "Freight, Express and Drayage", \$328.90?

A. Couldn't be except only for hauling cotton seed that he gets two dollars more out of per ton than he pays for them.

Examiner Patton: Suppose he had to haul water, Mr. Mascho?

A. He doesn't haul water.

Q. Hauling repairs and boilers, etc.?

A. Yes, but he couldn't get three hundred dollars in it.

Mr. Johnson: How about the item "Oil, Machinery, Supplies and Water" \$250.00?

A. It might be correct; I don't know anything about a statement of gin supplies. I don't know what he would put in there. The water could be itemized by itself, because he gets it from the city. We had a flat rate, so the water shouldn't cost him over \$75.00.

Q. What about the item of interest and exchange, \$407.52?

A. It shouldn't be figured against cotton, against custom ginning at all.

Q. How about "Telephone and Miscellaneous Office Expenses, Printing, etc., \$198.55?"

A. That is for buying and selling cotton and not ginning cotton.

Q. How about "Repairs and Replacements and Summer Labor"?

A. That might be correct, but he should not have depreciation if he has that.

Q. Then, if he figures annual depreciation he shouldn't include the two items as set up here?

A. I think not.

Q. What would you figure a fair and reasonable amount for depreciation on a plant similar to that of Mr. Owens?

A. Well, not to exceed four hundred dollars a year.

Examiner Patton: What do you consider the plant worth, Mr. Mascho?

Q. Well sir, I can't tell; he has got his mill and mill machinery, house and lots assessed at \$2,875.00, and I think that is too low. Then he says it is worth \$7,500.00 under oath and that is too high, I think.

Q. Well, what is your judgment?

A. About five thousand dollars.

Q. For the gin plant?

A. Yes sir.

Q. Both plants or just one?

A. The south gin we are talking about.

Mr. Hoffman: All this evidence has been with reference to the south gin.

Mr. Johnson: What proportional value would you put as between the gristmill and the plant of Mr. Owens down there—what is the real value of the two?

A. I am not very much of a judge; I only judge from the size of the building. I know I built the building and it cost a thousand dollars.

549 Q. Which building?

A. The gristmill building.

Q. Describe the building.

A. Well, I couldn't just give the size of it.

Q. As a matter of fact, he keeps a man that takes care of the gristmill along with the gin machinery and runs the same with the same help?

A. How is that?

Q. State whether or not he doesn't run the gristmill with the same force and the same crews that he runs the gin with?

A. When they run they do.

Q. Do you ever observe the bales of cotton that is being put out by the gins here in Chandler?

A. Yes; I take a look at it.

Q. How much bagging are they using now?

Q. Now, it would measure four and one-half yards, it might be a few inches over.

Q. Have you observed a great many of them to see whether that is true or not?

A. They are all about alike.

Q. Do you know what the standard amount of bagging and ties is for a bale of cotton?

A. It should be six yards.

Q. And how many ties?

A. Six.

Q. What does it weigh all told?

A. Weigh 24 pounds.

Q. The standard?

A. Standard two pounds to the yard and two pounds to the ties.

Examiner Patton: Mr. Mascho, what is the standard length of a square bale and the standard height—what are the dimensions?

A. I couldn't give it to you; I don't know the exact size. I did know the size of a press, but it has been some time.

550 Q. You have a great deal of experience in selling cotton?

A. Yes; I have bought and sold cotton.

Q. Is there any difference made in buying as to whether or not the standard amount of bagging and ties is put on the bale—what effect does it have on the buyer?

A. It doesn't have so much affect on the buyer as it does on the farmer that sells it to the buyer.

Q. Well, what affect does it have?

A. Shortage in weights in the bale.

Q. Have you figured this to see about what the ginner saved by reason of his short-cut on the bagging?

A. Yes; I made some figures on it.

Q. What does it show?

A. About five pounds.

Q. If he uses a light tie and a short weight standard, what would that make in the difference in the cost of the bagging and ties to the ginner?

A. From three to five pounds.

Q. I mean in value, now?

A. 15 to 30 cents.

Q. About what difference does it make to the farmer in selling his cotton—how much a bale does he loose by it?

A. From 40 to 65 cents.

Q. He loses that much by reason of his short-cut on his bagging that he is entitled to?

A. Yes.

Q. Have you observed these gins as to their construction—how much they save on custom ginning on their seed?

A. Yes; they have a way of figuring seed. They don't pretend to give a man back his seed.

Q. Does the farmer lose anything in the way of wasted seed?

A. He always loses.

551 Q. Can you estimate how much he loses?

A. There is a natural loss of a few pounds. Most of it goes into the seed, but when a man catches his seed and weighs it, he gets more than if he does if they double the lint or figure 64 per cent on an average.

Examiner Patton: If they doubled the lint Mr. Mascho, a man would get all the seed that was coming to him?

A. No sir; We have some cotton in this country that it won't. So they figure them 64 per cent cotton seed and pay him for it; they don't pretend to give him what is coming to him.

Q. But if he caught his seed, he would get all that is coming to him?

A. Yes sir; but there if few bales that we do that with.

Mr. Hoffman: You were in the gin business a good while yourself?

A. Yes; I was in a few years; yes.

Q. Wasn't there any waste when you ginned cotton?

A. I said there was; that is how I know.

Q. Some of the waste is due to the condition of the cotton when it is brought to the gin?

A. Yes; there is dirt.

Q. Do you mean to charge that these ginners here are short-weighing deliberately short-weighing the farmers?

A. I haven't said so; I only said, it could be done.

Q. You swore to that in this supplemental proceeding?

A. I don't know that I did. Shortweighting on the bagging, I said that and I am ready to say that.

Q. How many patterns in a bundle?

A. I couldn't tell you.

Q. Well, how many ties?

A. I couldn't tell you that.

Q. What do they weigh?

A. Standard weighs two pounds each.

Q. Are you sure of that?

552 A. I am sure of that.

Q. Isn't the standard weight $1\frac{1}{2}$ pounds?

A. I don't know.

Q. Weighs 45 pounds, don't it?

A. I couldn't say.

Q. Doesn't the cotton association say that they must weigh that amount and the ties must average 1½ pounds a piece?

A. I don't know what the cotton association says. They have made some rules that are not correct, I know that.

Q. Are you a member of the association?

A. No sir. I belonged to a ginner's association, at one time, it didn't last long though.

Q. You are very unfriendly toward Mr. Owens?

A. No sir; never.

Q. What business are you in?

A. I buy cotton and cotton seed; help Corley a little.

Q. You and Corley are working together?

A. Yes, but I want to tell you fifty farmers chipped in the money to pay Mr. Johnson his attorney fee.

Mr. Rittenhouse: Who solicited this?

A. Mr. Osborne, M. M. Watson and the old man Gibbons, them three solicited and they have a list of it and they can show it to you.

Mr. Hoffman:

Q. You speak of the item for fuel being too high, did you ever burn gas for fuel?

A. Part of the time.

Q. Do you know anything about the amount of fuel that was consumed at this gin of Mr. Owens?

A. Well, Mr. Owens might have made a statement for the fuel, yet he might have ground corn meal with that fuel and included that; I know it is too much for the ginning one hundred days.

553 Q. You don't know how long he run?

A. Well, I only know that they had testimony that the gin should not gin over one hundred days.

Q. As a matter of fact you just think it is too high?

A. Yes.

Q. And you think he shouldn't have any insurance?

A. I didn't say so; we carried two thousand dollars.

Q. Is it the custom to insure custom cotton in the yards?

A. I don't know.

Q. Don't the man who brings his cotton to the gin want it insured when he leaves it there?

A. Well, nobody leaves their cotton at the gin any more; they are all sold.

Q. Did you ever seen Owens running his gin and his gristmill at the same time?

A. No sir.

Q. As a matter of fact that is just supposition?

A. I know part of the year he runs them. A part of the year he doesn't, but the same man would do the same work during the year.

Q. How much did he run it last year?

A. I know nothing of his business down there; I know he has got it there and that is about all.

(Witness excused.)

(Witness CHAPPELL re-called.)

Mr. Johnson: Mr. Chappell, did you ever try to leave cotton at that gin here to get your insurance on it?

A. I asked at one gin last fall if I left my cotton if the insurance, if they would hold the insurance. They said they wouldn't.

Examiner Patton: What gin was that?

A. That was the Rooney gin.

Q. Do you know of any gins that carry insurance on the farmer's cotton?

554 A. No; I don't know.

Mr. Hoffman: Did you ever leave any bales there that you had any insurance on?

A. No.

(Witness excused.)

Mr. D. R. OWENS, being first duly sworn, testified as follows:

Mr. Johnson: State your name?

A. D. R. Owens.

Q. You are one of the defendants in this case?

A. Yes sir.

Q. You prepared a statement here as to the value of your gin?

A. No sir; Carl fixed that up.

Q. Well, it has your name signed to it here?

A. Yes; I signed it; fixed up the statement in regard to the value of the gin.

Q. You state that it cost you \$7,500.00?

A. Approximately.

Q. Well, you state anyway that you have kept a careful record of your books, etc.?

Mr. Rittenhouse: I object to that as incompetent, irrelevant and immaterial.

Examiner Patton: Well, if you are going to cross-examine him; he was examined yesterday on what it cost to gin a bale of cotton.

Mr. Johnson: The price of his gin is a necessary element in the cost of ginning.

Examiner Patton: It will go in for what it is worth.

Mr. Johnson: Now, you state that you used \$1,010.17 worth of fuel?

A. Yes sir.

Q. Did you take that from the book?

A. He has fixed that up from the books.

Q. Did you take that from the books?

A. No; I never took it from the books.

Q. You don't know whether that is correct or not?

A. I don't know.

555 Q. Now, you say that your labor was worth \$2,570.13, now, did you take that from the books?

A. That was taken from our time book; yes sir.

Q. Do you know whether that item is correct?

A. Only by what the books state.

Q. Who keeps the books?

A. Carl.

Q. So that you didn't make these figures yourself. You swore to it because he made it?

A. He said that was what it showed, and I have reason to believe he is right.

Q. How many men were included in this labor bill?

A. All the help about the gin.

Q. How many men?

A. I don't know.

Q. How many men do you use in ginning?

A. We use more than what Mr. Mascho states it can be run for.

Q. Well, how many?

A. Sometimes we had on as much as eight men and I have had nine.

Q. Were you including your office men?

A. Yes.

Q. You have eight or nine men in all?

A. Yes.

Q. You are ginning "bollies" there?

A. Yes.

Q. Does it take more men for ginning them?

A. Just the same; Oh, it might take a little more, but not much difference if any.

Q. Is it more?

A. It is supposed to take a little more.

Q. Do you ever gin any "bollies" for custom bales?

A. No sir.

556 Q. All this "bolly" business is your own?

A. Yes sir.

Q. That is all counted in here?

A. Yes sir.

Q. As a matter of fact you run a good portion of the season last year ginning bollies?

A. No sir.

Q. About what proportion of the time?

A. About one-fifth of the time.

Q. And in this item of labor, you have included nine men?

A. I don't know how many men is included in that.

Q. Well, will you say whether or not this item "salaries, Manager and Bookkeeper" is also included in the \$2,570.13?

A. No sir; I say that it is not.

Q. So that your item of labor, you have got nine men and in your next item you have got how many men?

A. That is supposed to represent two.

Q. So that you have 11 men figured?

A. We didn't use nine men all the time. Mr. Mascho says it can be run with 4.

Q. Well, I am asking you for a fact?

Examiner Patton: Is that statement for one gin plant or for two?

Mr. Hoffman: That is for one gin plant.

Witness: I didn't say that we had 11 men; I said at times we might have had nine men on the job; other times we probably had four men on the job days that we wasn't running.

Q. So that you kept only four men days that you were not running?

A. Some days we only had four men on the job; I can't recollect just how many men we have on certain days. Mr. Corley knows that is a fact.

Q. What I am trying to get at is how many men you figured in your item of labor?

557 Mr. Rittenhouse: I object to that as having already been gone over.

Examiner Patton: I think he has answered that Mr. Johnson.

Witness: If he wants to pick a statement—

Examiner Patton: Do you have some men on regular salary during the season?

A. We had from two to three men on regular salary at a stipulated price for a certain number of days?

Q. Who were they?

A. There was the ginner and the engineer.

Q. What is your reason?

A. Well we made a contract with them.

Q. You had to pay them whether you run or not?

A. We did pay them whether we run or not.

Mr. Johnson: Well, how many men did you have that you paid whether you run or not?

A. There was the two.

Q. Who were they?

A. Shirley Tosh and Sam Renfrow was the engineer.

Q. How many days did you keep Shirley Tosh on a salary?

A. I don't know; we paid him by the week. He was there from the beginning to the end.

Q. When was the beginning of the season?

A. About the first of September.

Q. When was the end of it?

A. Some time in April.

Q. Now, when did Mr. Renfrow come on his salary?

A. Mr. Renfrow has been working for me as engineer some four or five years.

Q. When did he begin that year?

A. He was there all the time.

Q. All the season?

A. He was there until we got through with the ginning this spring.

558 Q. What did you pay Mr. Tosh?

A. \$3.00.

Q. What did you pay Mr. Renfrow?

A. \$2.50.

Q. Who were your other men you had employed?

A. We had various other men employed.

Q. Did you have any other men employed on straight time?

A. I am not positive whether we had anyone else employed on straight time or not.

Q. What did you pay your ginner?

A. \$3.00.

Q. What did you pay your pressmen?

A. \$2.00 a day.

Q. Two each?

A. Yes.

Q. Well, do you have two men besides your packer man?

A. We have one man.

Q. So you pay your packer man two dollars and your pressmen two dollars?

A. Yes.

Q. Who else did you have?

A. Suction man.

Q. What did you pay him?

A. \$2.50.

Q. Who else did you have?

A. We had a teamster there to haul seed or roustabout work. Then there is an old gentleman that is watch around the gin and mill.

Q. So that is all the help you had?

A. No; that was not all the help we had. When we ginned bollies we had some two or three men more, but that was not straight time.

559 Q. Now, you charge all this in as against ginning?

A. Yes. That is what the time book showed we paid for labor last year.

Q. Now, in addition to that you have an item of salaries of manager and bookkeeper?

A. I claim to be manager of the outfit myself and I ought to be entitled to something.

Q. Who is your bookkeeper?

A. My son Carl.

Q. And how much did you pay him?

A. Well, it states there what we should pay there for salaries.

Q. This item for bagging and ties here, is that correct?

A. Well, our books showed what that is.

Q. You know whether these figures is correct?

Mr. Hoffman: Your Honor, the witness testified that that was correct; that he figured that out himself and that that was correct.

Mr. Johnson: As a matter of fact, it figures just exactly 80 cents a bale on 2,289 bales.

Mr. Hoffman: Witness Mr. Mascho thought that was about correct.

Witness: How did he know it was correct; we bought the majority of our bagging and ties before the season opened and we got

them at 75 cents per pattern. Afterwards we paid 95 and we paid 115 for a few, but the whole average figures out the amount specified, or 80 cents a pattern. If we had bought as we used our bagging and ties would have cost more.

Mr. Johnson: As a matter of fact, didn't you estimate it at about 80 cents?

A. No; it isn't a fact; that is what the bill showed.

Q. Now, in your item of insurance, are you sure that is correct?

A. Well, that is the way they have it; you can find out from Mr. Hoyt.

Q. How much insurance does he carry on your gin?

A. Some three thousand dollars or \$3,500.

Q. As a matter of fact, it is \$3,500.00?

A. I think it is.

560 Q. Do you know your rate?

A. Heretofore our rate down there has been \$3.75.

Q. Isn't it \$3.50?

A. No, sir.

Q. Do you know that it isn't?

A. Yes. I know that it is only costing \$3.25 up to the stone gin and 50 cents higher down below because our cotton house is within the 40 foot limit. It would have been four dollars, but our engine is out as fare distance to get the reduction, and it is fifty cents cheaper than it — down here at the other gin.

Q. But it couldn't cut very much material difference in the ginning of one bale of cotton?

A. No; well, my insurance—that don't simply mean what I paid on my building. I carry casualty insurance. I carry accident insurance.

Q. How much of that?

A. The accident insurance is based on your payroll.

Q. Well, how much accident insurance did you pay?

A. \$5,000.00 is the basis for one man.

Q. Well, how much did you pay?

A. I went and finished up settling up for my accident insurance here the other day and it run just about fifty dollars. I paid \$97.00 for accident insurance this year. The pay roll at the north gin wasn't so great.

Q. On the two gins?

A. Yes.

Q. About how much does that run on the south gin?

A. About sixty dollars on the south gin; I think our payroll is about sixty per cent there.

Q. Now, you have an item of taxes there, do you know whether that is correct or not?

561 A. Only as he has fixed it up there.

Q. You have there express and drayage, of what does that consist?

A. Well, I am not through with this insurance; I want you to ask me some more questions about that.

Q. Well, your counsel can do that.

A. I want to tell you how many custom bales is left on our yard last year and the year before. We carried as much as from 50 to 150 bales. There has been as much as 150 custom bales on that yard in the last three years at one time. Now, I want them to get the benefit of this. The customers expect that. I have told them that the cotton has been insured and that if it burned while on my yard, I would have to meet it. I gave them a ticket calling for the cotton there. I carry insurance against fire. I don't carry insurance against burglary because they have no chance to get at that. I carry insurance for my own as well as my customers' cotton when it is left on my yard. They know it is insured. Mr. Corley has bought cotton and left it right there on my yard and Mr. Mascho has done the same thing.

Q. This year?

A. I don't know that they have done it this year, but last year they did.

Q. Now, this item of freight, express and drayage?

Mr. Hoffman: I suggest that Mr. Owens have his books up here.

Mr. Johnson: Well, over a week ago, we asked for this very thing.

Witness: I will state that Carl is the bookkeeper and he is very busy and he hasn't the time to go over these and prove them.

Mr. Johnson: Well, the witness makes the statement that he doesn't know whether these are correct or not. I would like to have it correct.

Examiner Patton: It is getting late and we will take recess until 7:30 p. m.

Mr. Rittenhouse: Now comes the Chandler Cotton Oil Company and produces before the Commission all records pertaining to the ginning of the cotton for the year Mr. Corley run the gin at Bristow, during the season 1910-1911, as requested by complainants.

Witness BARKSDALE recalled (with books and records).

Examiner Patton: For what purpose do you want the books?

Mr. Johnson: I will state to the Commission, as I stated before that it was ordered that this matter be submitted to us for our inspection in order that we might cross-examine, and I am not going to offer to go over books that I knew nothing of until put before me.

Examiner: In order to get a starting point, I will make a suggestion. I will ask you to take the reports, Mr. Barksdale, as made to the gin office by Mr. Corley and call out the items of expenses, then if there is any question about it, let the vouchers be produced.

Mr. Rittenhouse: You may take the original report that was made by Mr. Corley—made to the gin office.

Examiner Patton: Take your record as made up, the abstract as made up from the reports of Mr. Corley, for the expenditures made by him, then if there is any question about it, then if you have the vouchers you can produce them.

Witness: Item 1, \$15.33 repairs.

Examiner Patton: Now, can you tell from your record there, Mr. Barksdale, just what each expenditures is for as you go along?

A. Yes.

Q. Taking that as an example can you tell?

A. Here is the way they show (indicating) you see freight on gin hoist and six dollars labor.

Q. What is the total amount of the voucher?

Q. \$15.33.

563 Q. You may proceed.

A. Gin expenses, tags, \$12.25.

Q. Is that an item of expense that was paid by you or Mr. Corley?

A. Paid by me; here is the voucher and here is the bill.

Q. Of course, Mr. Corley wouldn't know anything about and couldn't acknowledge the payment of expenditures made from your office?

A. Well, he knows that he got the tags, and here is the bill.

Mr. Johnson: I suggest that if we are going over these that we just as well cross-examine on each one because I will have to go back.

Examiner Patton: Well, suppose you take up each one and we will let you examine the witness, I believe you will save time.

Mr. Johnson: What did you use these tags for?

A. To put on each bale of cotton.

Q. What was your purpose in tagging cotton?

A. So you would know what the bale number was.

Q. All these tags have bale numbers on them?

A. Yes; they were metal tags.

Q. You mean the tags that go on the ties?

A. Yes. To put on cotton that is ginned.

The next item is repairs \$70.39.

Q. What is that for?

A. Will Smith, one half day with team \$1.50.

Examiner Patton: Now, I don't care to go to so much detail; if there is any question about any particular voucher, I suggest that you hand it over to Mr. Corley and see where he says it is correct.

Mr. Johnson: I am not questioning that the money was spent, but I do question whether these parts are proper; that it be detailed and give us a chance to look into it.

Examiner Patton: If you go into it this way, you will be here until judgment day.

564 Mr. Rittenhouse: We have offered, your Honor, everything we can; we have told them our books are open for inspection, we offered them here at their suggestion in order that they might scrutinize them here, and we are willing for them to take their time if they want to.

Mr. Johnson: We will take the time to go into the——

Examiner Patton: You know time is eternity and patience is limited. Now, he can hand you, or Mr. Corley, the vouchers and if there is any question about it, you can go into that, but we are not

going to take up those thousands of items and cross-examine on each one.

Mr. Johnson: I suggest then that Mr. Barksdale go to work now and prepare a list to show what all these expenses were for and submit it to us.

Mr. Rittenhouse: The Court can see we can't do that.

Mr. Johnson: Now, if the stenographer will take it down so we can get it, we will take it up and criticise it, but I still want to call attention to this one feature of it; that there is only one proper way to get at the question of the price of ginning, and that is to take the depreciation on your plant, which will include your repair bill. It is all up to this: If you are going to count depreciation on your machinery, then there is no necessity for counting in repairs. The only possible way that you could go to work, would be to figure the life or time of a plant and go in there and take an average every year for the whole time, for 15 or 20 years, is the only possible way to get at it.

Examiner Patton: I think it is foolish to take time to go into all these details. Now, that is the reason I am submitting that he prepare and submit a statement so we can look it over like we have done on Mr. Owens' here.

565 Examiner Patton: Well, I will tell you what I suggest; we will let Mr. Barksdale call the items of expense and if there is any item of expense that you think is not a proper gin expense, then you can raise your objection.

Mr. Johnson: Then I rest the case; but with reference to repairs and replacements, I submit that is improper and that the only proper way to figure that is upon the basis of depreciation on the value of your plant.

Examiner Patton: Well, I know it has been the policy of the Commission in telephone and railroad cases to allow as little for depreciation as possible and to make everything as actual as possible and where we can get the figures as actual, we don't agree for any arbitrary methods of assigning expenses or depreciation.

Mr. Johnson: I think that is correct.

Examiner Patton: Absolutely correct.

Mr. Johnson: A correct policy.

Examiner Patton: Now, if we could imagine a gin plant that was running and was worn out and was worth nothing but for junk value, then we have a pretty good basis to work from, that is, if it was run in the right way, but when it comes to the operation of a particular plant and you have the actual expenditures on account of repairs for a given period, then you would have something to work from for that period.

Mr. Johnson: Now, if you will take the Bristow plant, for instance, or Mr. Owens' plant or either one of these plants, and take them for a period say of 15 or 20 years, and then take your labor bills every years and your replacements bills and figure it all out, why, it would be all right and I wouldn't have any kick, but when you take it one year only that Mr. Corley was there when the machinery might have

been worn out and required a great deal of repairing and replacement, it isn't a fair proposition and it would be foolish to go into it in that way.

Examiner Patton: Well, suppose we take all their repair bills and figure the life of a gin plant $12\frac{1}{2}$ years—

Mr. Johnson: I am willing.

566 Examiner Patton: Or one-eighth of the original value.

Mr. Rittenhouse: We will give you the repair bill from the time we commenced that, your honor.

Mr. Johnson: What is the reason we can't get together?

Mr. Rittenhouse: We won't agree to everything.

Mr. Johnson: Now, I suggest in order to get back, and not spend two or three weeks that we either agree upon, if possible, if we can't settle upon something, and determine it some way, first of all, the necessary number of men for ginning—for doing custom ginning in gin plants—the amount of labor.

Mr. Rittenhouse: Let the Commission decide that.

Mr. Johnson: Now, if we can't get together and determine what basis—

Mr. Hoffman: We have produced the actual cost of operation of these various gins over the state and we would not be willing to make any agreement since we have the figures.

Examiner Patton: Then, would you like to go into the vouchers for this particular plant on the item of labor?

Mr. Johnson: I am willing to go into any kind of figures, but I think we ought to agree upon the amount of labor that ought to be used in a gin.

Examiner Patton: Now, here Mr. Johnson, here is the reason that I ordered these books brought into the court: One of the complaining witnesses has managed a gin for one of the defendants for a period of one year or whatever period it might have been. Now then, if he managed that gin conservatively and economical, I would just like to see what the elements are of the item of labor expense. And that is one reason; for my information and because I thought that it would be interesting to the Commission; that I asked for these books to be produced in court. Now, these books are the books, as I understand, from one of the complainants in the case.

567 Mr. Johnson: It has already been shown the Commission that the gin at Bristow did a general buying business as well as ginning business.

Examiner Patton: Well, no doubt you can show that.

Mr. Johnson: I take it for granted and I know the Commission will take it for granted that the complaining witness in this case has managed a gin himself and would know about the proper basis and the proper methods on which a gin plant should be managed.

Examiner Patton: The books have been called for showing his management of the gin plant, and if there is anything in his management that he thinks that should not be—the expense of which should not be charged to ginning, why you are at liberty to show it from these books. I don't know what you want. I have absolutely

gone to the extreme limit of privilege and I don't know what you are after.

Mr. Rittenhouse: We are not wanting anything; we are not trying to introduce the books. We brought them here at his request and they are here for him if he wants to use them.

Examiner Patton (To Mr. Johnson): If there are any elements of expense that there is any question about, I would like to see you bring them out.

Mr. Johnson: They are the plant's books; have you the original books of entry?

Witness: Yes.

Examiner Patton: Now, here is the original book of entry, and you can use it and here is the checks, and if there is any items there you want to question, you can do so; otherwise we are going to close this case, that is, as far as these books are concerned.

Mr. Johnson: We don't want them.

Examiner Patton: You called for them during the complainant's testimony.

568 Mr. Johnson: They are not the proper thing to introduce in this case; they have not been verified and we are not willing to take them unless we know they are proper.

Examiner Patton: Would you expect Mr. Barksdale to verify those entries when they were not kept under his direction?

Mr. Johnson: He is here to introduce them.

Examiner Patton: He is the custodian of them.

Mr. Johnson: If you had given us time to have gone into them we might have used them.

(Witness excused.)

Mr. Johnson: Now just a minute—

Examiner Patton: Now Mr. Johnson, these books were kept under the direction of one of the complaining witnesses in this case, if there are any objections to the entries made under his direction, I will expect you to show it here now.

Mr. Johnson: Now, I want to know if any of this matter has been testified about yesterday?

Examiner Patton: No sir.

Mr. Johnson: May I ask who testified in this case?

Examiner Patton: Mr. Owens, Mr. Hagel and Mr. Clayton.

Mr. Johnson: May I ask if the Commission is considering the affidavits that has gone in?

Examiner Patton: The Commission will consider in a general way everything that has been submitted in the case, and take it for what it is worth.

Mr. Johnson: Come now complainants and objects to the use of affidavits as evidence in this case, and particular the affidavits submitted and filed heretofore on the 30th day of September, 1913, relative to ginning at various points in Lincoln County, Oklahoma, and particularly the affidavit of J. E. Young, W. E. Sulzer, or some such name. R. C. Jones Cotton Company, by C. D. Hicks, Manager, C. L. Lewis, and others, and for cause shows the Commission that they are not proper evidence in the case be-

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cause complainants had no chance to cross-examine upon the subject matter. Complainants now offer to take the books of the Chandler Cotton Oil Company, as offered in court and as heretofore instructed by the Commissioner Henshaw, if permitted to do so, and prepare a statement from the actual facts from the records of the Bristow gin, based upon the actual amount of money paid out legitimately for custom ginning at the Bristow gin for the year that the same was managed by complainant witness, Mr. Corley, and to submit it to the Commission as evidence in this case, if permitted to take the books into our possession and to examine them for that purpose.

Mr. Rittenhouse: Now comes the Chandler Cotton Oil Company and offers to allow the proper party at any time to inspect the books at their place of business and have an accountant or any other person that they desire to bring with them for the purpose of making the statement.

(Witness CORLEY recalled.)

Examiner Patton: While you were in charge of the gin plant at Bristow, you had direction of the payment of all moneys?

A. No sir.

Q. That were paid out for the company that were incurred at that place?

A. No sir. There was a good deal that I didn't pay out.

Q. Were there any improper expenses at the Bristow plant under your direction?

A. I don't know hardly; now, if you take the repair bill, there was. If you figure repairs, depreciation, interest or repairs, there was.

Q. Did you pay out the money for repairs?

570 A. No; that was paid out here in Chandler.

Q. I mean the money that was paid out under your direction?

A. Oh, nothing except the cotton buying and the hauling of seed.

Q. That is what I want to go into.

A. Nothing except hauling seed and for cotton buying—that was myself, you know.

Q. Well, how much money did you pay out for hauling seed?

A. Well, I don't know; I don't remember how many carloads we shipped. We paid out 50 cents per ton for hauling seed and we paid out I think 12½ cents a bale for hauling cotton. Some of them paid 40 and some 50.

Q. Drayage, is that the item of hauling seed?

A. Yes, that was hauling seed, and cotton.

Q. Seed and cotton?

A. Yes.

Q. Well, the item bagging and ties, there was no question about that?

A. That was right, I reckon, if the gin paid for the hauling.

Q. How about stamps and stationery?

A. That shouldn't have been for custom cotton.

Q. How about interest and exchange?

A. That shouldn't be, because the interest was on money that they used in buying cotton and exchange was for selling.

Q. That is chargeable to the buying end of the business?

A. Yes sir.

Q. Taxes?

A. That would be right on custom cotton, that is, a part of it; of course, a part of it goes on the other.

Q. Insurance?

A. That would be right as far as I know.

Q. Do you think that should be apportioned between the custom and the bought cotton?

571 A. Yes, according to the amount of custom cotton ginned.

Q. Do you remember about how many customs bales were ginned there?

A. No.

Q. Do you know about what proportion of the 15 hundred odd bales you ginned were custom ginned?

A. No sir; I did know, but I don't remember now how many.

Q. Do you know approximately?

A. No sir.

Q. Have no idea?

A. No sir; it has been so long I have forgotten all about it.

Q. Was it four hundred?

A. Well, it might have been along somewhere between three or four hundred; I couldn't say exactly how many.

Q. Lubricants and oil, \$38.40?

A. That is all right.

Q. Fuel \$903.35?

A. That is all right, I guess.

Q. Did you pay the fuel bills yourself?

A. Yes.

Q. What did you use—coal or gas?

A. Gas. Now, we paid double the amount of gas we should have paid because the meter wasn't right.

Q. Did you get any refund on it?

A. No sir; they wouldn't allow it.

Q. Now, the item of labor?

A. Well there is a part of that that should go on, but a part of it shouldn't.

Q. What part of it that shouldn't?

A. The manager; the one that bought cotton I don't think should have gone on it, and the weigher and the suction feeder—those three men I don't think should have gone on it.

572 Q. Was all your custom cotton weighed?

A. No sir; not all of it.

Q. Sold on county weigher's weights?

A. No sir.

Q. How was it sold?

A. Sold by the compress weights.

Q. Is there a compress at Bristow?

- A. It is all shipped at the compress.
- Q. Well, how does the farmer sell his cotton?
- A. Gin weights.
- Q. Did the buyer have anything to do with the ginning of custom cotton?
- A. I was manager. Of course I had to see after everything.
- Q. Well, what proportion of your time was given between the buying of cotton and managing the gin for custom ginning?
- A. Well, some days I would go down there and some days I wouldn't. If anything got wrong and they wanted me to help them repair it, or anything of that kind I always went down.
- Q. Could you approximate the proper division of your time between your attention to the plant and buying cotton?
- A. No sir; I don't believe I could hardly, because I was always on the street by the time the cotton begin to come in.
- A. Item of \$1730.80 for repairs, is that a proper charge?
- A. Think not, if you figure depreciation. I don't think it should be on that plant, because we done a whole lot of work that year.
- Q. You have no item of depreciation on this statement, then is that a proper charge?
- A. Well, no, I don't know.
- Q. Was there repairs necessary?
- A. Yes, they were necessary; yes because we built a new press out and out that year entirely.
- Q. You don't know what was spent for repairs altogether?
- A. No I don't, but I suppose they were pretty heavy.
- 573 Q. Do you know about what repairs were made the year before?
- A. No; I don't know anything about that.
- Q. \$1730.00 would be an unusual repair bill for a plant of that size, wouldn't it, Mr. Corley?
- A. Yes, sir.
- Q. As Manager of that plant, what proportion of your salary do you think should be assigned to the ginning?
- A. But very little of it; some days I would go there and some I wouldn't.
- Q. Were your services necessary at the plant?
- A. No, sir; we had a good ginner there.
- Q. What did you do while you were there?
- A. At the plant?
- Q. Yes.
- A. I just walked through it to see if the machinery was running right.
- Q. Was that necessary?
- A. Well, I don't know as it was; the gin was running pretty well and I had a good set of boys.
- Q. Was your designation manager of the plant or was it cotton buyer in the town of Bristow?
- A. Which?
- Q. Your designation—were you assigned to Bristow as a cotton buyer or as Manager of that plant?

A. I was assigned there for cotton buyer and manager both.

Q. Does a gin plant in this country need any manager?

A. They do where they buy cotton.

Q. As a rule do the gin plants need a manager?

A. Some of them have it and some of them haven't.

Mr. Rittenhouse: Mr. Barksdale has got the figures on the custom ginning at Bristow that year now.

Examiner Patton: How many?

574 Mr. Barksdale: 243 out of 1583 bales.

Examiner Patton: Could the gin in the town of Bristow run with a patronage of 243 bales a season?

A. Could it do which?

Q. Could it operate with that much patronage of custom ginning?

A. Why, I guess it could.

Q. I mean could any plant operate in Bristow with a patronage of 243 bales the season and run the season through, and be there ready for business at all times?

A. Yes.

Q. What would it cost as a total to run a gin plant in the town of Bristow during a season?

A. Well, it would take a right smart figuring on that.

Q. To figure the whole thing?

A. Well, I hardly know.

Q. What is the average season?

A. Some says about one hundred and some 125 days.

Q. Well, take one hundred days, what would your labor bill be per day just to gin cotton just as it came, custom ginning?

A. You mean if you had a full run of custom cotton that day?

Q. I mean to gin 243 bales of a season of one hundred days, what would the labor cost be?

A. Well, there is the manager, would be \$2.50 or \$3.00. I paid my ginner \$2.50, and an office man he got, I think it was \$65.00 or maybe \$75.00.

Mr. Johnson: Well, you are talking about ginning now.

Mr. Rittenhouse: Let him testify, Mr. Johnson.

Witness: I believe he got \$75.00.

Examiner Patton: How much would that be per day?

A. A little over two dollars.

Q. All right there is three men—your manager, your weigher and your gin man. Suction feeder, how much?

575 A. Two dollars.

Q. Who else?

A. Why, there is the fireman.

Q. How much?

A. \$2.50. Ginner \$2.50.

Q. I have got the ginner.

A. Two pressmen at two dollars apiece.

Q. That would be four dollars?

A. Yes.

Q. Al-right, now what other expenses would you have? There would be the gas too?

- A. Six Dollars a day.
Q. All right?
A. There is the water 15 dollars a month, or fifty cents a day.
Q. All right?
A. There is the oil.
Q. How much would that amount to?
A. About fifty cents a day.
Q. That would be fifty Dollars?
A. Yes, sir.
Q. What else?
A. There is the bagging and ties—about \$240.00.
Q. \$240.00 say?
A. Yes.
Q. What else?
A. Well, there is the insurance and interest and exchange.
Q. What is that plant worth, Mr. Corley?
A. I don't know.
Q. Is it worth three thousand dollars?
A. Worth over two thousand.
Q. What do you say it is worth?
A. It is worth three thousand any way.
576 Q. Three thousand, \$250.00 a year for depreciation?
A. Yes.
Q. That would be \$250.00 a year for 12 years, would make three thousand dollars?
A. Yes.
Q. Now what else?
A. I don't know.
Q. What rate of interest would you figure on your investment to allow no profit to the gin owners?
A. I think it was eight per cent.
Q. That would be \$240.00 there?
A. Yes.
Q. Anything else?
A. I think that is all.
Q. Any office expense?
A. Yes, if you take the blanks they use in buying and selling.
Q. Well is this custom cotton we are talking about?
A. Yes.
Q. How much would that amount to?
A. Well, I don't know.
Q. How much would your tags amount to, and your records?
A. Tags cost, I think \$10.00 a thousand.
Q. What would you have to have in the way of records?
A. You would have to have reports.
Q. If you were doing custom ginning you wouldn't need that?
A. Just your gin *fack* would be all.
Q. How much would that cost you?
A. You could get one for ten cents.
Q. Would there be anything else?
A. I think that is all.

Mr. Johnson: How many men do you aim to figure in that as proper help?

577 A. I thought he was talking about the whole thing.

Q. Well, you must have misunderstood him; he meant for you to figure only the custom ginning?

Examiner Patton: Mr. Corley, that amounts to \$12.72 per bale; that is too much.

A. How many bales are you figuring on?

Q. 243.

A. Well, I thought you was figuring on the whole amount that we ginned that fall, about 15 hundred bales.

Q. Well, I ask you to start out with, Mr. Corley, if a gin plant could afford to run and do nothing but custom ginning in the town of Bristow and you said it could?

A. I thought you meant all custom cotton.

Q. I didn't think they could afford to do it?

A. Well, I misunderstood you then.

Q. How ma-y men would it take to operate a plant for custom ginning for that many bales and run all season and be there ready to serve the public as it came?

A. Well, I don't know. Now, I have ginned 18 bales just me and one man.

Mr. Rittenhouse: And ready for service?

A. No; just done that one or two days.

Examiner Patton: Well, do you think that a gin plant could operate with a modern plant with no more partonage than 243 bales?

A. No, sir; of course not regular.

Q. The revenues derived from that much custom ginning wouldn't more than pay the interest on the investment?

A. No, sir.

Q. At custom prices, of course?

A. Yes. No I thought you was figuring on the others being put with it.

578 Mr. Rittenhouse: I will ask you, Mr. Corley, if the fact that the gin at Bristow bought seed cotton for the mill, didn't reduce the cost of ginning instead of increasing the cost per bale. That is, that the greater volume of business you do the less the cost of ginning per bale?

A. No, sir, I don't.

Q. It don't?

A. I ginned 15 bales of *suctom* cotton there one day and Mr. Barksdale come down and says you have made some money today.

Q. Well, you know the greater the number of bales ginned the less the expense of ginning per bale?

A. Well, if a man was ginning custom cotton—

Q. Well, the more bales you ginned, it reduced the cost per bale that much?

A. Of course.

Mr. Johnson: You were making a profit on this cotton you were buying there?

Mr. Rittenhouse: I object to it as being immaterial.

Examiner Patton: Let it go in.

Witness: Yes.

Mr. Johnson: You haven't figured in your statement now, anything on your profits of cotton buying?

A. No, sir.

Mr. Rittenhouse: I will ask you, as a matter of fact, the year that you run the gin at Bristow, including all your cotton buying and the custom ginning, and all, if, as a matter of fact, the operation didn't lose to the Chandler Cotton Oil Company \$900.00, or about that?

A. He said it lost; I don't know how much loss.

Q. Well, there isn't any profit with that gin?

A. I don't know whether the gin lost it or the cotton buying.

579 Examiner Patton: You bought on a limit from Mr. Barksdale?

A. Yes, sir.

Q. It was no fault of yours?

A. No, sir.

Mr. Johnson: This seventeen hundred repair bill there went in to increase you- loss, didn't it?

A. Yes, sir.

Q. You had put in new presses and rebuild your machinery?

A. Yes.

Examiner Patton: What did you charge at Bristow for custom ginning?

A. We charged \$375 most of the time.

A. If you cut out the repair bill entirely, \$1730.00, and according to the statement as shown by Mr. Barksdale's books to be approximately Six Thousand Dollars for the 1500 *hundred* bales, or Four Dollars a bale, you would still have lost money on the ginning?

A. Yes.

Q. That is, if all the items that he charges up here to the cost of ginning cotton are properly chargeable?

A. Yes, sir.

Mr. Johnson: What did you say you charged for custom ginning up there?

A. \$3.75.

Q. How long since the Chandler gin raised—how long have they been up as high as Three Dollars?

A. Last Fall.

Q. When did they raise to Three Dollars here?

A. I don't remember; it has been three or four years. Something like that.

Q. Prior to that did they charge less than three dollars?

A. Yes.

580 Q. Do you know what they did gin for?

A. Yes, they ginned here for \$2.75.

Q. How long since they ginned here for \$2.75?

A. Well, now, let's see; it has been three or four or five years—something like that, I don't remember the date.

Q. How long since they started ginning at \$3.50?

A. It has been about three years—two or three.

Q. How does the price of labor now compare with the price of three years ago when they were ginning at three dollars?

A. It is a little higher now than then.

Q. How much?

A. About fifty cents on the hand.

Q. Any difference in the price of fuel?

A. No, sir, I don't think there is.

Q. Are there any items that would be any higher now than the labor?

A. Not, sir.

Examiner Patton: What do you estimate the cotton receipts in Chandler by the gins in Chandler this season, about how many bales?

A. I don't suppose there will be over four thousand in all.

Q. About what is the average?

A. From six thousand on up and a little over.

Q. Then it is about sixty or sixty-five per cent crop?

A. I expect we have got a better crop around here.

Q. About two-thirds crop?

A. Yes, sir; something like that.

Q. As a practical ginner, with four gins running in Chandler, and dividing among those four the four thousand bales that you estimate will be received here, what would be a proper charge for ginning this season?

A. I think \$3.50 would be a proper price because we are going to get through quicker and they won't have to keep open as long.

581 Q. If the four thousand bales were equally divided between the four gins, each receiving one thousand bales, do you think they could afford to gin it for \$3.50 per bale.

A. Yes.

Q. That would be \$3,500.00 each for the season?

A. Yes.

Mr. Johnson: Do you think \$3.50 would leave them a reasonable margin?

A. Yes sir.

Examiner Patton: On about how many days' basis would you figure that one thousand bales to be ginned?

A. Well, we figured the six thousand at one hundred days, now you can—

Q. Six thousand at one hundred days?

A. Yes.

Q. Well, if you were running a gin and expected to receive a thousand bales the entire season, about how many days would you expect to have to be ready for business in order to get your prorata of it?

A. Well, if I had to run all the time—of course, the gins could agree some to run part of the time and some at other times.

Examiner Patton: The law wouldn't permit them to agree.

Witness: The Commissione- said they could.

Examiner Patton: Well, they might do it by the authority of the Commission.

Witness: He said they could shut down one and divide the profits if they wanted to.

Mr. Johnson: I don't remember just what he said about it.

Mr. Mascho: He said they could finally shut down to one gin at the end of the season so long as they didn't raise the price of ginning.

Witness: Where they kept enough running to do the work.

Mr. Johnson: I think there is another little statement Mr. Corley made when the Commissioner began to question him about the Bristow gin that he didn't aim to make, and that is the number 582 of men necessary to run that gin.

Examiner Patton: Yes; I understand that he didn't understand me, and he said afterwards that he and one man had ginned 18 bales in one day.

Mr. Johnson: How many men are necessary to run the Bristow gin ordinarily in ginning custom cotton?

A. Four.

Mr. Rittenhouse: What would be the cost of ginning a thousand bales of cotton, employing four men, running one hundred days and being ready for business at all working hours?

Mr. Johnson: We object to that as not a proper question for cross-examination.

Mr. Rittenhouse: He testified that there would be a margin now I ask him what would be the ordinary cost to run with four men, reading for business during business hours.

Mr. Johnson: Complainants object to the question for the reason it is not a hypothetical question not based on the facts in this case.

Examiner Patton: Let him state if he knows?

A. Well, I don't know.

Mr. Rittenhouse: Then how do you know that there would be a margin left at \$3.50 per bale for one thousand bales of custom cotton?

A. I have run custom gins and I have made money out of it at that.

Q. Enumerate to me then the cost of operating a standard gin like one of these four here, for one hundred days?

A. Run one hundred into a thousand and see what that would be.

Q. You know as a matter of fact that no matter how short the crop is they have to remain open ready for business?

A. Yes, but let one gin run awhile.

Q. I am talking about the first hundred days of the cotton season?

583 A. You won't run more than one hundred days during the fall.

Q. Now, what do you mean by saying "run a hundred into a thousand". What do you mean by that?

A. That would be what it would cost. It would cost ten dollars per day.

Q. Could you operate a gin, employing four men, paying for fuel, water, labor, insurance, interest, depreciation, and gin ten bales a day and make a profit?

A. Not sir.

Q. Then your statement to the Commissioner that there would be a profit in ginning one thousand bales during the season for one of these gins at \$3.50 per bale isn't a correct statement, is it?

A. It isn't if you run one hundred days, but it wouldn't take one hundred days.

Q. Do you think there will be one thousand bales for each gin in Chandler?

A. Well, I don't know; I don't think there will.

Examiner Patton: If you owned one of four strictly custom gins in this town, expecting to get one-fourth of the business this season, how many days would you expect to operate in order to get your one thousand bales?

A. I don't know hardly.

Q. Well, approximate it as near as you could?

A. Well, Mr. Clayton said here—

Mr. Rittenhouse: I object to hearsay.

Examiner Patton: How many days would you expect to run to get your one-fourth of the business—to get one thousand bales?

A. I don't suppose a man could count on more than one hundred days this year.

Q. Now then, let's take up your expense for one hundred days. What would you consider the average fair average value of the gin plants in the town?

A. Well, about three thousand dollars, I guess.

584 Q. Three thousand dollars per gin?

A. Yes.

Q. Your depreciation then would be \$240.00 and interest on your investment, 8 per cent, \$240.00?

A. Yes.

Q. How much would your fuel be?

A. It would be six dollars a day for one hundred days. No; you wouldn't run more than a half day?

Q. Three hundred dollars?

A. Yes.

Mr. Johnson: I don't think Mr. Corley should figure a season of one hundred days.

Examiner Patton: How many days would you expect to have to run?

Mr. Johnson: Mr. Corley has already testified and he has already explained to the Commission, your honor, that if there was not enough ginning business to run all of them, they could divide the time.

Examiner Patton: I am asking this for the information of the Commission, to find out what the conditions would be if the gins were operated independently as custom gins and how many days he

would expect to operate in order to get one thousand bales out of the four thousand?

Witness: I expect you would have to operate one hundred days.

Q. Your fuel, you say would be cut half into and labor would be out half into. Now, your fuel would be three dollars a day.

Mr. Rittenhouse: I will ask the witness if it isn't a fact that the fuel cost from 40 to 50 cents per bale?

A. It did at Bristow; it don't here.

Q. I will ask you if it didn't cost more than 50 cents at Bristow?

585 Examiner Patton: I don't think that would be indicative.

Mr. Johnson: Is the court going to get through with this to-night? It seems to me—

Examiner Patton: I am going to get right down at the meat of this proposition and that is what I am here for, if it takes all day or a week. Now, there is your fuel bill \$300.00?

A. Yes.

Q. What would your insurance amount to on a three thousand dollar plant?

A. 3½ per cent, I believe is the rate; I think that is what it is.

Q. That would be about \$105.00? How much would your oils amount to if you ginned one thousand bales?

A. That would be about a quarter a day.

A. \$25.00?

A. Yes, about that.

Q. What would your general expenses and incidental expenses amount to—stamps and stationary and records and books and all that?

A. The books would be about all you would need because you wouldn't have to keep nothing but a salary record. Every man would pay you for the ginning and you wouldn't need any record like you do when you are buying cotton.

Q. Would ten dollars cover that?

A. It wouldn't take ten dollars.

Q. Now what other expense would there be?

A. Just the labor.

Mr. Rittenhouse: Have you got taxes there?

Examiner Patton: How much taxes would there be? About \$125.00?

A. Yes.

Mr. Rittenhouse: Bagging and ties, did we figure that in?

Examiner Patton: Bagging and ties, how much?

586 A. Oh, that would come to about one thousand dollars.

Q. Would there be anything else except the labor?

A. I think not.

Q. Now we have depreciation, interest on investment, fuel, insurance, oil, office expenses, taxes and bagging and ties, and water, how much would that amount to?

A. 50 cents per day.

Q. About \$25.00 in all?

A. Not over 25 cents per day because we wouldn't run all the time.

Q. How many men would be required to run the plant?

A. 4.

Q. 4 men at how much?

A. Fireman \$2.50, ginner \$2.50, two pressmen at \$2.00 each.

Q. All right now, we will see how much total we have got for ginning the one thousand bales of cotton? That makes \$2,970.00, or \$2.97 a bale.

Q. Is that about right?

A. I expect it would be that way on this year's run.

Mr. Johnson: You counted full amount on your men?

A. Yes.

Q. Is that about right?

A. I expect it would be that way on this year's run.

Mr. Johnson: You counted full amount on your men?

A. Yes.

Q. As a matter of fact, when you quit ginning the labor stops right there; when they gin a half day they pay for a half day?

A. Yes.

Examiner Patton: Do you think that is about the fair cost of ginning this season?

A. If you take part of that labor off there, it would be.

Q. Well, say you had to maintain your help all the time?

A. If you paid them all the time.

587 Q. In order to be ready to serve the custom cotton, which of course you would have to *be* or else you wouldn't get it, you would have to have them all the time?

A. Yes.

Mr. Rittenhouse: Now you don't include in this statement the hand at the suction pipe, the weigher or the manager of the gin, do you?

A. No sir.

A. Then that is your idea of what it takes to operate a gin?

A. Of course it is.

A. And not based upon any actual experience in conducting a gin?

A. It is based on experience, because I have been running a gin several years.

Q. Well, the gas you testified to is based on a schedule of how much you use?

A. Yes.

Q. I will ask you if it isn't a fact that the more you use the cheaper it is.

A. Yes.

Q. I will ask you if the statement you have given to the Commission as to the amount of gas used, isn't sufficient to gin a thousand bales of cotton, is it?

A. It is sufficient if you don't run the suction.

Q. Do you know how many thousand cubic feet you would use to run a gin as you have been discussing here?

A. Well, it takes 60 feet a minute.

Q. And how many minutes would you be operating a gin in a day on an estimate?

A. I couldn't tell you.

Q. Well figure it out.

588 Examiner Patton: How long does it take to gin a bale of cotton?

A. It depends on the gin; I have ginned them in 15 minutes.

Mr. Rittenhouse: It generally takes about thirty minutes?

A. Yes.

Q. How many feet did you say it takes a minute?

A. It takes 60 feet if you are not running the suction; it takes 80 feet with the outside suction.

Examiner Patton: If you use the suction for unloading all cotton and it takes 80 feet a minute—

A. I said 60 feet, if you don't run the outside suction.

Q. Well, how much if you are running the suction to unload?

A. The same—60 feet.

(Witness excused.)

Witness D. R. OWENS recalled.

Mr. Johnson: In your item for interest and exchange, do you consider that a proper amount of ginning?

A. Yes.

Q. Now, what did you include in the interest there—interest on what?

A. Interest on money invested in buying seed cotton.

Q. And what did you include in exchange?

A. That is what the banks get allowed to them for handling these drafts—one-fourth of one per cent.

Q. That is, your buyer pays that?

A. Yes; we don't get that.

Q. That comes in the matter of your business of buying and selling cotton?

A. Yes sir.

Q. You have that charged up in ginning?

A. It goes in that way.

589 A. *It goes in that way.*

Q. Do you think that is a legitimate charge against ginning?

A. This charge, that should go in the handling of cotton.

Q. Have you figured in here your profits that you made on handling cotton?

A. We don't say so, do we?

Q. Well, we want to know. Now, you have figured in here your interest and exchange and now if you figure that as a matter of charge as against the ginning, then shouldn't you figure your profits?

A. Well, probably there *is* no profits on some of that cotton that we buy.

Q. As a matter of fact, wasn't there a profit.

A. Some of it there was and some of it there was a loss.

Q. Well, you ought to figure it in here, oughtn't you?

A. We *was* figuring up our itemized expenses when we made up that expense statement.

Q. Yes, you figured this in as an item of ginning?

A. Yes, as a matter of operation of the plant.

Q. Now, you don't turn around on the other side and figure your profits?

A. No sir.

Mr. Hoffman: So far as that item is concerned, we didn't think we were directed to make up the statement showing the cost of the operation at this gin compared, as they are attempting, for custom and cotton bought in the seed. This was only items of expense.

Examiner Patton: I think the Commission will understand that.

Mr. Hoffman: We don't contend for that.

Mr. Johnson: Now, your item "freight, drayage and express"?

A. The items of express. That is lots of times express on repairs of one kind and another that we get and that would go into the ginning. That would be legitimate item to go in, charged.

590 Q. Now, you have \$328.90. What that principally freight, express or drayage?

A. I am unable to say which is the greatest item in regard to that. Probably the drayage would be the greatest item in them.

Q. What did that drayage consist of?

A. In hauling cotton to the depots?

Q. Now, did you charge up to offset as against this the matter of your profit on that?

A. I don't understand how Mr. Johnson figures this item of profit; I can't get that straight.

Examiner Patton: Did you offset any of your expenses with the profits on the cotton you purchased?

A. No sir.

Q. Now, your item of telephone, miscellaneous office expenses and printing, etc., what did that include?

A. That is telephone rental, that is a fixed charge there, and office expenses. That covers all our stationery in every way. We don't propose to run a gin with four men like the complaining witness; we are going to keep our office up in some shape so we can have some record.

Q. Which one of the three items there, is the larger end of that one item that you have included \$198.55?

Mr. Rittenhouse: I object to that.

Witness: If the Commission wants to go into all these little details, it will take a week.

Mr. Rittenhouse: I withdraw my objection.

A. I couldn't tell which one is the largest.

Q. Mr. Johnson: You have in here the item "Repairs, Replace-

ments, and Summer Labor", what proportion of that item was in replacements?

591 A. I have bought a new gin stand last year, that was one of the items of expenses. That cost us something like \$175.00, and freight on it. We bought a new brush or two and quite a number of other items of expense. If you don't put these repairs on you can't keep a gin up. You can put a new gin up one year and the next year you have got to put repairs on it. Every man knows that and the longer he runs the more repairs it takes. My plant was testified as a junk pile, consequently it must take a great deal more replacement.

Q. You have annual depreciation here of six hundred dollars. Now, will you please explain, how, after you have allowed replacements and summer labor, \$655.50 and freight, express, and drayage, which you say covers freight or the shipping in of repairs, and also other supplies and water, which you have figured in at \$250.00, you figure all three of these other items which primarily comes in as repairs and also figure depreciation?

Mr. Rittenhouse: I object to that as unintelligent. He has mixed replacements, repairs, depreciation and everything else in there.

Witness: I state that that plant cost me in the neighborhood of \$7,500.00. It is testified to here by one of the complaining witnesses that it is a junk pile. You can put any period on that that you see fit, then there must be a great deal of depreciation between a junk pile and the investment in the new plant. I have told you, you can't run a gin plant for custom without putting a great deal of repairs on to it. The older the plant, the more the repairs.

Mr. Johnson: And that is your explanation of why you include both repair bill and your annual depreciation. Will you now state to the Commission that you believe that the item of repairs and replacements that you have charged \$655.40 for and that your next item following that, of annual depreciation of \$600.00 are both proper charges for ginning at your plant, in this case?

A. I figure that it is a just item to go in there.

Q. Will you say to the Commission also that your item of oil, machinery supplies and water, which you have included in one item is also, in addition to the other two items, a proper element of expense?

A. I will say that we paid that money for the purpose there stated.

Q. You stated in your statement here that you paid \$7,500, or thereabout, for this gin, and that you have since then added two additional gin stands, now, what did those two additional gin stands cost you?

A. The regular price of a new gin stand, I disremember what they are worth; it depends on what kind of gin stands you get.

Q. Well, the ones you bought?

A. It cost about \$175.00 apiece, and freight.

Q. Have you put any other improvements in that gin since you paid out his \$7,500.00?

A. Yes.

Q. What were they?

A. I think I have replaced the stands twice in that gin—since that gin was erected there.

Q. Replaced all of them twice?

A. I didn't say all of them, but I say part of them.

Q. Now, when did you put in your last gin stands?

A. Last winter.

Q. How many?

A. One.

Q. When did you put in your next one before that?

593 A. I think it was two years before that, possibly the year before—I couldn't say just which.

Q. What do you figure then that the total cost of that gin plant is to you?

A. If I had everything totalled, it would run me 12 or 15 thousand dollars.

Mr. Rittenhouse: That includes those parts that have been worn out?

A. Yes.

Mr. Johnson: Well, you have kept it repaired?

A. Naturally, it must be.

Q. Well, you have replaced it every year?

A. Oh yes; we have kept it up in good shape.

Q. Now, your gin is in good shape?

A. They building is getting shaky.

Q. Well, the machinery?

A. No, the machinery isn't in as good shape as it might be.

Q. Well, you have replaced part of it, haven't you?

A. Yes.

Q. Well, you won't say to this Commission that you have got from 12 to 15 thousand dollars invested now?

A. Not sir:

(Witness continuing from last question): I consider this Commission here as men of intelligence, that is why I am figuring on this proposition.

Examiner Patton: How long has your engine and boiler been in use?

A. I think some ten or 11 years.

Q. In the ordinary run of things how soon will you expect to have to replace that?

A. If I keep it up with repairs, it will probably last me another five years.

Mr. Rittenhouse: Your engine and boiler both?

594 A. Yes.

Examiner Patton: What is the present value of your power plant?

A. I couldn't say.

Q. What is the ratio of its present value as against the original cost or your engine and boiler?

A. Approximately fifty per cent of the original cost.

Q. What is the present percentage of the value of your building?

A. The building has been put up there something like 12 or 13 years.

Q. How much is it worth as compared with the original cost?

A. Probably 25 per cent.

Mr. Johnson: What did you assess your gin machinery out there last year?

Mr. Rittenhouse: I object to that.

Witness: The records will show.

Mr. Johnson: I want to show it.

Examiner Patton: It doesn't show the items; let him state if he knows.

Witness: I think it was about as stated here this evening, that I put in the machinery as personal property and I put the buildings in as real estate.

Q. What did you give in the machinery in your south gin for, how much?

A. About two thousand dollars, I think it was.

Mr. Rittenhouse: You don't own the north gin, you rent that?

A. No; I own it; I don't rent it.

Mr. Johnson: That includes your grist mill?

A. Yes sir.

Q. You run your grist mill with the same power that you run your gin with?

A. Yes.

595 Q. These figures you have submitted here, don't they include the fuel and expenses of running your grist mill as well?

A. No, sir.

Q. How did you separate the two?

A. I didn't have to separate them, because we haven't run the mill since the very beginning of last season.

Q. Last season?

A. Yes.

Mr. Rittenhouse: Since when?

A. Beginning of last ginning season.

Mr. Johnson: Can you give the date when you quit operating your grist mill?

A. No, sir.

Q. Well, about the date?

A. About the beginning of last gin season. We got busy with the gin and we didn't grind any during the winter at all.

Q. As a matter of fact, haven't you merely estimated on this statement?

A. No, sir; that was compiled from the books.

Q. You stated, however, that you don't know whether these were true or not true?

A. Yes; but my boy does.

Q. And you don't know whether labor included the labor of Mr. Burt, for instance, all summer?

A. Yes; I know that that don't include Mr. Burt's salary. Mr. Burt has been manager of the stone gin up there for three or four years and his labor is charged to that gin.

Q. And you won't say to the Commission just how many hands are included in this statement?

A. No, sir.

Q. And you won't say just how many are included as manager and bookkeeper?

A. Just two.

596 Q. But, as far as you know, under the item of labor, it might be seven or nine, or more, according to your statement?

A. Yes, I said that this evening.

Q. You know that it is at least seven men?

Mr. Rittenhouse: I object to that as having been testified to.

Examiner Patton: I think he stated from 4 to 9 men, depending on the necessity for the men in the operation.

Mr. Johnson: Never less than 4 and sometimes as high as 9.

Examiner Patton: Anything further, Mr. Johnson?

Mr. Johnson: Now, as a matter of fact, when the ginning season is about over and the cotton is coming in slowly, state if it isn't a fact that you shut down one of the gins and run the other exclusively and cut off the expenses of one of your gins?

A. I shut down the stone gin earlier than I did the south gin.

Q. Now, it had been contended here that certain items of labor that you were compelled to keep there even though you were not running? Is that true?

A. Yes, sir.

Q. How much of the time have you kept men at your gin at times when you were not running?

A. I don't know.

Q. Isn't it a fact that when you run a half day you pay for a half day?

A. It isn't a fact.

Q. Isn't it a fact that as far as your gin labor is concerned, that is true?

A. In some instances, it is true.

Mr. Hoffman: Mr. Owens, Mr. Burt has been your gin man for a long time?

A. Mr. Burt has been connected with me for 16 years.

Q. Very competent man?

A. Yes.

597 Q. And reliable manager down there?

A. Yes, sir.

Q. In fact you have trusted him with a good portion of your business for 15 years?

A. No, I have only trusted him with it for about three years.

Q. What salary do you pay him?

A. I pay him seven hundred dollars a year.

Q. That includes all of his labor for the entire season of 12 months in the year?

A. Yes.

Mr. Rittenhouse: That is not charged to this gin down here?

A. No; that is the north gin.

Mr. Hoffman: Mr. Owens, have you ever short patterned any of your customers down there?

A. Not to my knowledge.

Q. Do you use the standard pattern?

A. We mean to cover the bale.

Q. Have you ever short weighted any of your customers?

A. Not to my knowledge.

Q. I will ask you about water. Mr. Mascho testified the city furnished you water, is it a fact that the city supplied you with water last year?

A. Not all the time.

Q. Where did you get your water, were you getting it from the spring, and how did you get it?

A. By paying a man for pumping it up.

Q. Do you know about what it cost per bale for fuel cost in the ginning, have you made any computations on that?

A. Our statement shows there about 40 cents per bale for the season.

Q. What are the prices of patterns now?

A. I am not positive right now. What patterns we are using now we are using on a contract made before this season started.

598 Q. And what was that contract?

A. 90 cents.

Q. Do you know whether they are higher or lower?

A. They have been considerable higher since that time. They was quoted as high as \$1.25.

Q. In the estimate which the Commissioner submitted to Mr. Corley he took Mr. Corley's statement as to the plant being now worth on an average of three thousand dollars each. You stated the first cost of yours was approximately \$7,500.00, now in estimating your depreciation of 8 per cent, is that estimated on the first cost or upon the depreciated value of the plant from year to year?

A. I couldn't hardly answer that intelligently.

Q. You estimate the depreciation upon the original cost of your plant, do you not?

A. It should be estimated in that was.

Q. In other words, if a plant which originally cost six thousand dollars, the depreciation should be instead of eight per cent on three thousand, 8 per cent on six thousand dollars?

A. Surely it would, you ought to figure it that way if the life of it was from 12½ to 15 years.

Q. Is there anything else you wish to state, Mr. Owens?

A. No; there is quite a number of items there that I could see flaws in them.

Examiner Patton: We calculate interest on the original investment or present value in order to give you a return on your investment.

Mr. Hoffman: You heard the statement of the witness Kalko about the ginning of bale-198 and 199, wherein he claimed there was some seed in the roller that he didn't know whether it belonged to him, will you explain that to the court. I want the Commission to be clear on that?

599 A. He states he ginned 198 and 199 coming consecutively together. I recall about him bringing those two bales down here, and I don't know whether it was a custom bale before 198 or not, but they had undoubtedly been ginning on my cotton, but it doesn't make any difference whether they was ginning on my cotton or not, that seed that was in the roller was mine. The ginner will never dump that roller without he has to *to* clean the saws.

Q. Did Mr. Kalko or anyone else complain to you that you were taking his seed?

A. No, sir.

Q. You are charged here in this supplemental complaint, copy of which we accidentally got hold of to-day, that you conspired on the night of September 22, with others of the defendants for the purpose of raising the price of cotton, did you have any such conspiracy?

A. No, sir.

Q. No agreement of any kind?

A. No, sir.

Q. With these other ginners?

A. No, sir.

Q. What, in your best judgment, based upon your experience of twenty years, would be the cost of ginning one thousand bales of cotton at your gin plant during the one hundred days during the current season and custom gin all the time?

Mr. Johnson: I object as not a proper hypothetical question, not being based on the facts in this case.

Examiner Patton: He can answer the question.

Witness: I don't believe it would be less than six dollars a bale.

Mr. Johnson: You are just making this your guess?

Witness: Yes; and will tell you why I make that guess; a gin with four men like Mr. Corley state- he could gin a thousand 600 bales this year if we get four thousand bales of custom cotton, he couldn't get it to gin with the cotton opposition that is going on here now if he had no-solicitor on the street and stayed down there with his four men at the gin he wouldn't get nothing hardly. He couldn't gin it; it would be impossible for him to get the business—it wouldn't come to him. This cotton is nearly all bought before it goes to the gin, whether he wants custom ginning

or whether he wants to sell in the seed; solicitors right here on the street to do this and at the gin office man does this. I get out there and do this. Three-fourths that is ginned is bought before it goes to the gin, before he drives on the scales. A man can not do a gin business in this town the way the business is conducted at this time with the opposition there is and with the competition, he can't do a custom business and make a living out of it at all.

Mr. Johnson: Then your guess at this, as to the price of ginning a thousand bales is based upon your idea then of having to get out and solicit,—at the expense of soliciting the ginning to come to your gin, is it?

A. I stated awhile ago, it is a physical impossibility here when there is four gins running to gin one thousand bales of cotton here without getting out and soliciting for it,—meeting competition on the street here. Mr. Corley and Mr. Mascho knows that as well as I do.

Q. You will not be soliciting any this year?

A. I have undoubtedly been soliciting.

Q. Well, why should you solicit when you are ginning at a loss here?

A. You folks claim that we are not ginning at a loss.

Q. Well you claim that *your* are?

A. Well you are denying it.

601 Q. Well, you are going out and soliciting ginning?

A. Yes sir.

Q. Your stating to the Commission here in the record that this year it will cost six dollars a bale?

A. I said that was my guess.

Q. And you are basing that on the short crop, of perhaps not more than four thousand bales, with four gins, therefore, you are expecting that this ginning will cost you six dollars per bale?

A. Not sir; you don't understand me; I said it would cost me that to gin a thousand bales if I ginned it custom with the opposition there is in the town.

Q. Examiner Patton: I think the Commission will understand that the ginning business is sustained by cotton buying business, and that if you were ginning custom cotton entirely it wouldn't pay. Of course, that is merely an idea of his and merely an estimate.

Mr. Johnson: Your idea then is based upon the fact that so few people under the present competition do, in fact, gin, is that it?

A. No; your question is not intelligent. Now, what is meant by custom ginning is that a man will bring his cotton to the gin without solicitation, gin it, throw it in the wagon and drive up on the street and sell it after it has been ginned.

Examiner Patton: I think the Commission will understand all this. And I think they will understand from the line of questions and answers that the fewer bales that you gin the higher the cost per bale would be and the more bales he gets the less the cost per

bale, and also that from Mr. Owen's idea that the ginning business is supported and sustained by the buying business.

602 Mr. Johnson: Now, Mr. Owens, you say that you have had no understanding with these other gin men here as to buying cotton in Chandler, do you?

A. What has that got to do with the cost of ginning?

Q. Well, we are figuring it all in here; you testified awhile ago that you entered into no conspiracy of any kind, or agreement, with the other people?

A. I don't see what that has got to do with the cost of ginning.

Examiner Patton: Just answer whether or not there is any agreement?

A. No sir; there is not.

Mr. Johnson: Can you explain to this Commission how it happened on Tuesday, the 23rd, last, that your tickets handed to farmers on the street, as well as those of Mr. L. H. Rooney, The Chandler Round Bale, or Oklahoma Gin Company, were almost identically alike in that they offered 13 cents for lint cotton or 13.15 cents for the lint provided that you got the seed.

A. How is that going to affect the price of ginning?

Q. Well, I want you to explain it to the Commission?

A. I can't explain it unless one buyer would see a ticket and go make another one just like it.

Q. Did you talk with Mr. Rooney about what you were going to pay for cotton that day?

A. No sir.

Q. Had no agreement or understanding?

A. No sir.

Q. Are you still getting your two dollars returned from the Cotton Oil Company for the cotton seed?

A. Yes, we get that.

Q. How much more are you getting?

A. Not any.

Q. That is the regular price, is it?

A. That is what they have been giving.

603 Examiner Patton: What do you pay for seed?

A. I have been paying \$20.00.

Q. What do you get.

A. \$22.00.

Mr. Johnson: As a matter of fact, when a farmer comes into Chandler and wants to sell his cotton seed, he can come and sell them to you for \$20.00?

A. Yes.

Q. And if he goes over to the Chandler Cotton Oil Mill, he gets \$20.00 there?

A. I don't know anything about that.

Q. Don't you understand that?

A. I am not running their office.

Q. Don't you know that they couldn't sell them over there for that?

A. I don't know.

Q. Don't you, as a matter of fact, have an understanding with them that they won't pay them any more than that?

A. No sir; I am not running their business at all.

Q. You buy lots of seed at \$20.00?

A. Yes.

Q. And then haul them over to the plant for \$22.00?

A. Yes.

Q. You are making two dollars on the ton?

A. Yes.

Q. Then at the end of the season, don't you get two dollars a ton additional?

A. No sir.

Q. Not at all?

A. No sir.

Q. At the time you raised your ginning from \$2.75 to \$3.00, didn't you enter into an agreement with the other gins around the country and put up a forfeit?

Mr. Rittenhouse: Don't answer unless he states a time.

604 Mr. Johnson: Have you ever agreed to that?

Examiner Patton: I don't think that is competent in that way.

Mr. Rittenhouse: Base it on some time and he can answer.

Examiner Patton: The Commission has been in existence only six years and if it was before that time, it would be of no value. You can ask him if any time within the last six years.

Mr. Johnson: All right.

Mr. Rittenhouse: Mr. Owens, how much do you get for your cotton seed, you say you pay \$20.00?

A. \$22.00.

Q. That is all you get for it?

A. Yes; that is all.

Examiner Patton: Do you haul those seed yourself?

A. Yes.

(Witness excused.)

Mr. W. W. BRUCE, being first duly sworn, testified as follows:

Mr. Hoffman: State your name?

A. W. W. Bruce.

Q. What is your occupation?

A. Superintendent of the Oklahoma Fuel Supply Co.

Q. How long have you been employed in that capacity?

A. With this company four years.

Q. Where are you stationed?

A. I live at Chandler.

Q. You have charge of their business here?

A. Yes.

Q. Have you a record of the amount of gas supplied to the cotton

gins here last season and the amount of bales ginned and the cost per bale?

A. Yes sir.

Q. Will you produce that record?

A. Yes sir; (taking paper from pocket).

605 Q. Will you read it to the Court?

A. What gins?

Q. Take them all?

A. I can't dispense with the statement, could you let the stenographer take it and get off what figures you desire.

Q. Then we offer all that in the record. Just state in general terms what the average was per bale for each gin here?

A. Here is the average for the Rooney gin for last year, 1912-13, they run a little into 1913.

Q. That would be last season?

A. Yes; the Rooney gin for the season was 38.3 cents; the D. R. Owens south gin 36.2 cents and the Owens north gin was 49.9 cents and the Oklahoma Cotton Company was 47.2 cents.

Q. What was the general average?

A. The general average, that we supplied was 44.9 cents for the year.

Mr. Hoffman: We offer the tabulated statement in evidence.

(Same is made a part of this record and attached the original copy hereof.)

Mr. Hoffman: Has your experience in the cotton industry been such as to enable you to say whether the price increases per bale with a diminishing number, of bales?

A. Yes; it would be more with the diminishing amount.

Mr. Johnson: For what purpose do you keep this record?

A. For the checking the sale of gas and seeing that our meters are registering correct.

Q. How often do you get these reports?

A. I get a weekly report from every gin and then a monthly report.

Q. You don't know what all this includes, as to what their machinery is doing in addition to the regular ginning?

A. No; I don't know anything about that.

Q. You don't know what per cent of this was for unloading cotton in the house?

606 A. This applies for everything used in the gin.

Q. On Mr. Owens' south gin, for instance, do you know whether that was separate and apart from the running of his grist mill?

A. I do not. The gas all went through the same meter.

Q. He runs both plants with the same machinery?

A. I couldn't say, I don't know.

Mr. Rittenhouse: In figuring that, you figured it just for ginning season?

A. Just for the ginning season is all.

Q. If Mr. Owens didn't run his grist mill during the ginning season, it wouldn't be put in that?

A. No.

Examiner Patton: Mr. Bruce, have you ever computed among your gin patrons, the fuel cost and the use of gas, with those using other fuel?

A. No; I haven't. All I have is some statements from ginners.

Q. You don't know the probable difference between the cost of gas and coal?

A. Well, the gas is cheaper from the best of my information, it has been the understanding, without exception, that the gas has been less than the other fuel.

Mr. Rittenhouse: It also lessens the labor bill?

A. Yes; and they get out more cotton.

Mr. Hoffman: About what per cent, Mr. Bruce, in your judgment, more would it cost to supply fuel where the ginning season this year produced only four thousand bales a- against six thousand the year in which you compiled these figures?

607 Mr. Johnson: We object to that as not proper.

Examiner Patton: Answer the question.

A. It would only be a guess.

Q. The cost would increase in proportion?

A. Largely so; yes sir.

(Witness excused and case closed.)

608 Corporation Commission of Oklahoma.

Cause No. 1686.

Order No. 759.

A. E. MASCHO and L. C. G. GORLEY, Complainants,

v.

THE CHANDLER COTTON OIL COMPANY, a Corporation; D. R. OWEN, L. H. Rooney, Kate Gordon, and Oklahoma Gin Company, Defendants.

Appearances:

For Complainants: Johnson & Cordell, Attorneys.

For Defendant Chandler Cotton Oil Co.: Geo. B. Rittenhouse.

For Defendants D. R. Owen, L. H. Rooney and Kate Gordon: Hoffman & Foster.

For Defendant Oklahoma Gin Company: H. M. Peck.

Findings of Fact, Opinion and Order.

By the COMMISSION:

Complaint was filed by A. E. Mascho and L. C. G. Corley of Chandler, against the Chandler Cotton Oil Company et al., operating gins

in the town of Chandler, Oklahoma, alleging that the defendant Chandler Cotton Oil Company, working in conjunction with the other defendants, had closed down its gin in the town of Chandler with an understanding by the terms of which it is to receive the seed from all cotton purchased by the operators of the gins of the other defendant companies, upon which it agreed to pay a premium or commission of \$2.00 per ton; that subsequent to such agreement between the Chandler Cotton Oil Company and the other defendants there was an arbitrary advance in the price of custom ginning to \$4.00 per bale and that thereafter the defendant gin companies refused to allow seed buyers to drive their wagons under the seed hoppers of defendants to take away the cotton seed bought by them in the regular order and course of business transactions.

609 The complaint further alleges that the actual cost of ginning a five hundred pound bale of cotton, including bagging and ties and the wear and tear of machinery and interest on investment, does not exceed the sum of \$2.75.

Complainants pray that an order be made requiring defendants to gin all custom cotton for a sum not exceeding \$3.50 for 500 pound bale and that plaintiffs and all other persons be allowed the privilege of driving their wagons under defendants' seed hopper to take away the seed from all cotton which they may own or which may have been bought by them in the regular order of business and requiring that all persons be permitted to take their regular turn at ginning at the gins of defendants and that defendant Chandler Cotton Oil Company, be required forthwith to open up and operate its cotton gin in the city of Chandler and purchase cotton and cotton seed as may be offered it without discrimination and to buy cotton on its merits and not upon the condition that the seed should also be sold to it.

Review of Evidence.

The evidence shows that there are at the present time five cotton gins in the town of Chandler, and that thus far during the present season four of them are in operation; that the average number of bales of cotton ginned in the town of Chandler during the past few seasons has ranged from 6000 or 6500; that the crop in Lincoln

610 County this season is not more than 60 per cent. of the average and that the number of bales to be ginned by the gins of defendant companies will not exceed 4000; that of the five gin plants in the town there are now four plants in operation, two belonging to D. R. Owens, one to L. H. Rooney and a fourth plant is known as the Roundbale gin plant; evidence was offered to the effect that on account of the light yield of cotton in Lincoln County it would cost more for custom ginning than \$4.00 per bale, they price now charged by defendants; that during the previous season of 1912-1913 it cost defendants more than \$4.00 per bale to gin custom cotton, which was assigned as the reason for the advanced rate. It was shown that in that section of country approximately an average of 10 per cent of

cotton ginned by all gins was custom ginning and that there was as a rule little demand for custom ginning at the present time, the great majority of cotton being sold in the seed.

Evidence was introduced showing the cost of ginning per bale of cotton in various towns in the State of Oklahoma during the season of 1912-13, that at Carpenter with a total of 268 bales ginned the average cost per bale was \$5.80; that at Leady with a total number of 797 bales ginned the average cost per bale was \$6.05; that at Strong City with a total number of 301 bales ginned, the average cost per bale was \$5.55; that at Elk City with a total of 1206 bales ginned, the average cost per bale was \$5.10; that at Foss with a total of 962 bales ginned, the average cost per bale was \$4.20; that at Hammon, with a total of 691 bales ginned, the average cost per bale was \$5.80; that at Sayre, with a total of 940 bales ginned, the average cost per bale was \$5.10; that at Texola with a total of 1014 bales ginned, the average cost per bale was \$4.45. That the average cost per bale for the ginning season of 1912-13 for the towns of Davenport, Warwick, Depew and Bristow, in which towns a total of 3,778 bales were ginned, excluding the interest on investment and depreciation on plant, was \$4.67; that including interest and investment and depreciation of plant (considering the average life of a gin plant to be twelve 611 years) the average cost per bale was \$5.74.

The evidence further showed that the Cawthorne Cotton Company of Fallis, the Houghton & Douglas Cotton Company at Fallis, the Avery Gin at Avery, the Kendrick Cotton Company at Kendrick, R. C. Jones gin at Kendrick, Commonwealth Gin at Davenport, Round Sale gin at Stroud and the Eslesbe gin at Stroud, all in Lincoln County, make a uniform charge of \$4.00 per bale for custom ginning.

The evidence further showed that with regard to the cost of ginning from 75 to 90 per cent. of the cotton ginned by defendant companies was their own cotton purchased in the seed from the farmers and that all the cost incident to the purchase and soliciting of cotton for their respective gins was pro-rated in the cost of ginning; for example, a manager at a salary of approximately \$1000 a year, and among other things there is charged the salary of a bookkeeper, a suction feeder, and the salary of a street buyer.

The evidence further shows that at a strictly custom gin plant it is the common practice for a farmer to unload his own cotton from the wagon through the suction feeder and that never are more than four men required to operate a four stand gin plant—a fireman, a ginner, a pressman and a packer, often one man acting in the capacity of pressman and packer and tying out the cotton himself, and in such cases where request is made for weighing, the fireman weighs the cotton and where, as in this case, gas is used as fuel, the fireman or engineer has ample time to weigh the cotton before ginning, to weigh back the seed and to weigh the cotton in the bale and keep all necessary books. The evidence of one of the complaining witnesses, while operating a gin for one of the defendants at Bristow, showed that out of more — 1500 bales ginned, 243 bales were custom ginned,

and that in his judgment he could have operated the gin and maintained the plant for the custom ginning received, but on an accounting of the cost per bale of ginning the 243 bales ginned during that season it was shown by his evidence that it could not be done.

612 Considering the salaries of four men, which he claimed were necessary, the cost of fuel, bagging and ties, depreciation on plant, interest on investment, oils, insurance and taxes, the cost per bale for the 243 bales would have aggregated \$12.92. It is obvious that in the town of Bristow under competitive conditions a gin plant could not operate through a ginning season with a patronage of 243 bales, but if all the cotton which such a plant might receive for ginning were custom ginned, the units of cost per bale would be substantially reduced.

It was shown by the evidence that the average gin plant in the town of Chandler could handle 28 bales per day and that the busy ginning season covered approximately 100 days, and that the cost per bale was little if any more when running a full ginning capacity than when being ready for service at all times during the ordinary busy ginning season.

In other cases investigated by the Commission, in the southern part of the State, it has been shown that the price of ginning ranges as low as \$2.25 per bale, including the charge for bagging and ties and out of wu-ch charge it is claimed that the ginners realize a profit. Many ginners are charging 40 cents per hundred for lint and \$1.00 for bagging and ties.

It is shown that at Chandler, Stroud, Davenport, Meeker, Arcadie, Midlothian, Kellyville and Depew (the gins furnished with gas for fuel by the Oklahoma Fuel Supply Company in the season of 1912-13) the average cost of fuel per bale ginned was 44.9 cents. At Texola, where, it was shown by the evidence of Mr. Clayton, the cost per bale for ginning was \$4.45 for the same season, there is nothing in the record to show that may have been the cost per bale of fuel. In all probability Texola being out of the district supplied with gas and far-removed from the coal fields or timber regions, the fuel cost per bale ginned would greatly exceed the average in the Chandler district and there may be a reason on account of the cost of fuel for the cost per bale of custom ginning to run as high as \$4.45.

It is further shown by the evidence that some of defendants have been and are accustomed to short-cutting patterns of bagging and that the measurement of the bagging on some of the bales which have gone out from their gins does not exceed 4½ yards, when the standard pattern is 6 yards. There is also question in the record as to whether or not the bagging and ties are of standard weight. It was claimed in the evidence for complainants that the standard weight of a pattern of bagging and ties is 24 pounds and that such weight if based upon a two-pound tie, six of which would aggregate a weight of 12 pounds and six yards of two-pound bagging an additional 12 pounds. It was claimed by defendants that the standard weight of ties as prescribed by the cotton association is 12 pounds each for six time and two-pound bagging of a standard pattern of six yards. It

was also claimed by defendants that the price of bagging and ties had advanced since the opening of the season from 90 cents to \$1.12 to \$1.25 per pattern and that the price at the beginning of the season 1912-13 was 80 cents, making an advance of 30 to 45 cents per pattern.

It was also shown from the evidence that the defendants are under agreement with the Chandler Cotton Oil Company to turn over to it all of their seed on a commission basis of \$2.00 per ton over 614 the current market price, the ginners hauling the seed themselves or bear the expense of the hauling, and that one of the complainants, Mr. Corley, was at the time of the last hearing paying \$2.00 above the current market price, which is \$20.00. In other words, he is paying \$22.00 per ton for cotton seed and shipping them to Kansas City, where he receives \$24.00 per ton f. o. b. the cars Chandler; and, that recently an attempt had been made by the defendant ginners to pay 15 cents per hundred pounds of seed cotton over the market price, to absorb the difference in the price paid for seed by them and by complainant Corley.

The evidence also shows that the line or "system" gins operating in this section of the country do not depend upon a profit on custom ginning, but that they operate their gins for purpose of advantage in buying cotton and that they, in installing additional gins, do not do so with the object or desire to engage further into the ginning business, which they claim is not profitable, but for the purpose of giving them additional advantages in the cotton market; and, that the cost of ginning the proportion of custom ginned cotton is charged with the expense of buying and selling cotton and seed.

Findings of Fact.

The Commission finds from the evidence that there are at the present time a greater number of gins operated in the town of Chandler than are necessary to handle the crop of the season of 1913-14, and a greater number than can be operated at a profit even if all cotton were custom ginned; that the estimate of 4,000 bales which will be ginned during the season is probably a fair 615 one and that two gins running at a time can fairly handle the crop, and that as a matter of economy and business acumen the ginners should agree to operate only two gins at the same time and alternate the operation of their plants from day to day, during the busy ginning season, that the claims of ginners that the cost of ginning per bale ranges from above \$4.00 to \$6.00 are erroneous, as a great proportion of such expense is not an expense incident to ginning, is an expense of cotton buying and selling and not properly assignable to the cost of ginning.

The commission finds from investigation in other cases and by general inquiry that the prevailing price for custom ginning over the state does not exceed \$3.50 per bale and that where a price of \$4.00 is charged in any particular community it is where the large cotton or oil mill companies have a line of gins, which places them vir-

tually in control of the ginning business and enables them to dictate and fix the price of ginning; that such companies as a rule prefer to buy the cotton in the seed in order that they may obtain or control the seed and that they are in a position to place the price of custom ginning at a figure that will make it more profitable to the farmer to sell his cotton in the seed than to have it custom ginned and retain or sell his seed, separate from the cotton.

The Commission finds that if defendant companies have at any time short-cut bagging patterns it is a clear loss to the farmer and that such practice should be discontinued; and, that the owner of cotton seed, whether the farmer having the cotton ginned or one who buys the seed from him, should be permitted to drive his wagon under defendant companies' seed hopper and haul the seed 616 away; however, the companies should not be placed under any special obligation to a seed buyer, in the matter of service, if he is not there at the proper time to haul the seed away.

Considering that the cost of bagging and ties fluctuates, it is the opinion of the Commission that a fixed price for ginning including the cost of bagging and ties should not be established for any community, by order of the commission and that the ginner is entitled to ten per cent. as a reasonable profit on the current market price thereof, additional to a fixed price per one hundred pounds of lint cotton, for ginning; the Commission further finds that 50 cents per one hundred pounds of lint cotton is a reasonable price and a proper charge and that the standard weight of bagging and ties per pattern is 21 pounds.

The Commission further finds that the evidence does not show the necessity for requiring the Chandler Cotton Oil Company to operate its gin at present; that there are now more gins operated in Chandler than are necessary; and the prayer of complainants that said defendant be required to operate its gin plant will be denied.

It is, therefore, ordered that the defendants, the Chandler Cotton Oil Company, a corporation, D. R. Owen, L. H. Rooney, Kate Gordon, and the Oklahoma Gin Company, gin custom cotton in the town of Chandler for 50 cents per hundred pounds lint cotton, with minimum charge of \$2.50 per bale; that defendants furnish the standard bagging and ties at a price not to exceed 15 per cent. above the wholesale cost thereof with a minimum charge for bagging and ties of \$1.00 per bale, and for the year 1913, the price of bagging and ties shall not exceed \$1.15 per standard pattern. That 617 the order heretofore issued by the Commission for the year 1912, which was set aside upon the defendants giving bond to refund the difference to the parties entitled thereto of the amount charged and the amount finally fixed as the legal rate for ginning at Chandler, is hereby reinstated and the reasonable charge for 1912 is 50 cents per hundred pounds for lint cotton with a minimum of \$2.50 per bale, with an additional charge of \$1.00 for bagging and ties.

The defendants are further ordered to permit any person who may have cotton ginned to go upon the premises for the purpose of

getting the cotton and the seed; that the parties having cotton ginned shall call for the seed at the time the cotton is ginned or as soon thereafter as may be convenient to the owner of the gin. That the refunds herein above described shall be made by the first day of December, 1913. That this order shall be in full force and effect on and after the 1st day of November, 1913.

CORPORATION COMMISSION.

A. P. WATSON,

Commissioner.

GEO. A. HENSHAW,

Commissioner.

Attest:

J. H. HYDE, *Secretary.*
Oklahoma City, Oct. 17, 1913.

618 STATE OF OKLAHOMA,
Oklahoma County:

I do hereby certify that the foregoing six pages is a true, correct and complete copy of the findings, opinion and Order of the Corporation Commission of Oklahoma, said Order being No. 759, made in cause Number 1686, above-entitled, as the same appears of record in the office of the Corporation Commission of the State of Oklahoma.

Witness my hand on this the 8th day of April, 1915.

[SEAL.]

GEO. A. HENSHAW,
Act. Chairman.

Attest:

J. H. HYDE,
Secretary.

619 Corporation Commission of Oklahoma.

Cause No. 1976.

Order No. 852.

In re Information of J. E. OSBORNE, Chandler, Oklahoma, Complainant,

vs.

OKLAHOMA GIN COMPANY, of Chandler, Oklahoma, Defendant.

Violation of Order No. 759.

Appearances:

For Complainant, Johnson and Cordell.

For Defendant, Ames, Chambers, Lowe & Richardson.

BY THE COMMISSION:

On October 17, 1913, the Commission, upon a thorough investigation, found that a reasonable price for ginning custom cotton in the

town of Chandler was 50 cents per 100 pounds for lint cotton with a minimum charge of \$2.50 per bale and bagging and ties at approximately \$1.00 per bale, and issued an order accordingly. The defendants violated this order and an Information was duly filed.

It appears from the facts in this case, which were thoroughly discussed in the original opinion of the Commission, that parties buy cotton seed, such as oil mills, other parties buy cotton and the round bale people establish their business upon the theory of building gins in various towns and especially in cotton centers of the state in order to give them an advantage in securing the commodity in which they were dealing whether it was cotton or cotton seed. In pursuance of this policy gins were built regardless of whether or not there was a sufficient number of gins in a community to take care of the crop.

It is now contended that when the cotton is pro-rated among all the gins, that the customary price which has been charged throughout the entire country for the last twenty-five years, is unreasonably low, hence, the four or five gin plants in operation at Chandler agreed to advance the price, which was done by concert of action.

620 It is admitted that the price of 50 cents per bale is not sufficient to pay the operating expenses and keep all the gins at Chandler in operation during a ginning season. For this condition, the public is not responsible. Should another road be built parallel to the "Santa Fe" from here to Kansas City with a double out-lay, should the public be required to advance the rates on the "Santa Fe" in order to make this unwise expenditure profitable? We think not.

It is therefore, the conclusion of the Commission that, inasmuch as the gins have been established for a purpose in part, other than the ginning of cotton, there is no reason why the price of ginning custom cotton should be advanced, which would have the effect of aiding the undesirable practice of selling cotton in the seed, which limits the sale thereof, to the owners of the gins and puts a large portion of the cotton buyers at a disadvantage. It is more important to the public at large that all cotton buyers should have an even chance in the field, than the price of ginning itself. Every disadvantage drives independent buyers from the field, hence, the Commission will only consider a sufficient number of gins at Chandler, which would be two, to gin the entire crop, and the building of other gins was an unnecessary expenditure which the public is not required to keep up.

The average amount of cotton ginned at Chandler is between 6,000 and 7,000 bales, which would make about 3,000 bales for each gin. However, we will base our estimate upon 2,500 bales with a gin of an average value of \$10,000.00. According to the evidence, each gin has its cotton buyer called the superintendent or manager. His salary should be charged to the cotton buying business and not the to gin business. To operate a gin requires approximately five men, which was shown by the evidence, at a cost of \$11.50 per day. We will allow an estimate of \$12.50 per day for labor. The average ginning season is 150 days, provided the gin runs the entire time, but at the beginning of the season, if there were only operated a sufficient number of gins, it would be operated ap-

proximately from one to three days per week up until the 10th of October, and after the 15th of November it could again be operated from one to three days per week at the close of the season. However, we will, for this estimate, figure 150 days actual running time. This would make labor \$1,875.00, fuel \$1,250.00, interest \$700.00, depreciation \$800.00, insurance and taxes \$400.00, expenditures \$250.00, bagging and ties, \$2,250.00, making a total of \$7,525.00.

The Commission's order permitted the charge of \$8,875.00 for the 2,500 bales. This would leave a net profit over and above the interest on the investment of \$1,350.00. We have estimated 8 per cent depreciation. This is a very high rate of depreciation when it is considered some parts of the machinery will not wear out, such as the boiler, engine and the building itself, which will last an average of from 20 to 25 years. However, the \$800.00 per annum is a sufficient amount to keep the gin in good running condition and all parts renewed from year to year. If the gin is kept in good condition and sufficient allowance is made to buy all new parts as they give out, \$700.00 per year is all the owner of the gin is entitled to for the use of his money; but in addition to this, upon this estimate, he will have left \$1,350.00. The bagging and ties, on this estimate, is 15 cents higher than they usually cost them, as they usually cost 75 cents, but during the year 1913, the market advanced owing to extraordinary conditions which do not obtain during the year 1914.

The Commission is of the conclusion that the combination of the ginners at Chandler to advance the price of ginning cotton is unwarranted and unlawful. Upon a third and exhaustive rehearing we are of the opinion that the order is reasonable and that cotton should be ginned throughout the state of Oklahoma upon the basis it has been ginned for the last twenty-five years, at 50 cents 622 per 100 pounds for lint cotton with a minimum charge of \$1.00 per bale for bagging and ties, provided bagging and ties do not cost the ginner more than 85 cents.

We further find that there is no reasonable excuse for violating the Commission's order and the same was done willfully, and it is therefore ordered and adjudged that the defendant, Oklahoma Gin Company, be fined the sum of \$500.00 and the cost of this proceeding, and it is ordered to refund to all parties from whom it has collected charges in excess of those prescribed by the Commission. A fine will be imposed for each day the order has been violated, and the matter as to the number of days and the amounts of fines to be imposed upon the defendant, other than those mentioned in the Information, will be left open for adjustment upon the taking of evidence as to the number of days violated, for all of which fines and cost herein assessed, let execution issue.

CORPORATION COMMISSION OF
OKLAHOMA.

_____, Commissioner.
_____, Chairman.

Attest:

J. H. HYDE, Secretary.

Dated Oklahoma City, Okla., Oct. 10, 1914.

623 Corporation Commission of Oklahoma.

Cause No. 1977.

Order No. 853.

In re Information of M. M. WATSON, Chandler, Oklahoma,

vs.

OKLAHOMA GIN COMPANY, Chandler, Oklahoma.

Violation of Order No. 759.

Appearances:

For Complainant, Johnson and Cordell.

For Defendant, Ames, Chambers, Lowe & Richardson.

BY THE COMMISSION:

For the reasons set forth in the case of, In re Information of J. E. Osborne, Chandler, Oklahoma, vs. Oklahoma Gin Company, Chandler, Oklahoma, Cause No. 1976, it is hereby ordered and adjudged:

That the defendant, Oklahoma Gin Company, be fined the sum of \$500.00 and the cost of this proceeding, and it is ordered to refund to all parties from whom it has collected charges in excess of those prescribed by the Commission. A fine will be imposed for each day the order has been violated, and the matter as to the number of days and the amounts of fines to be imposed upon the defendant, other than those mentioned in the Information, will be left open for adjustment upon the taking of evidence as to the number of days violated, for all of which fines and cost herein assessed, let execution issue.

CORPORATION COMMISSION OF
OKLAHOMA.

J. E. LOVE, *Chairman.*

_____, *Commissioner.*

GEO. A. HENSHAW, *Commissioner.*

Attest:

J. H. HYDE, *Secretary.*

Dated at Oklahoma City, Oklahoma, this 10th day of October,
1914.

624

Corporation Commission of Oklahoma.

Cause No. 1978.

Order No. 854.

In Re Information of J. W. HARRIST, Chandler, Oklahoma, Complainant,

vs.

OKLAHOMA GIN COMPANY, Chandler, Oklahoma, Defendant.

Violation of Order No. 759.

Appearances:

For Complainant, Johnson and Cordell.

For Defendant, Ames, Chambers, Lowe & Richardson.

BY THE COMMISSION:

For the reasons set forth in the case of, In re Information of J. E. Osborne, Chandler, Oklahoma, vs. Oklahoma Gin Company, Chandler, Oklahoma, Cause No. 1976, it is hereby ordered and adjudged:

That the defendant, Oklahoma Gin Company, be fined the sum of \$500.00 and the cost of this proceeding, and it is ordered to refund to all parties from whom it has collected charges in excess of those prescribed by the Commission. A fine will be imposed for each day the order has been violated, and the matter as to the number of days and the amounts of fines to be imposed upon the defendant, other than those mentioned in the Information, will be left open for adjustment upon the taking of evidence as to the number of days violated, for all of which fines and cost herein assessed, let execution issue.

CORPORATION COMMISSION
OF OKLAHOMA,
J. E. LOVE, *Chairman.*
_____, *Commissioner.*
GEO. A. HENSHAW,
Commissioner.

Attest:

J. H. HYDE, *Secretary.*

Dated at Oklahoma City, Oklahoma, this 10th day of October, 1914.

625 Thereafter, at the January, 1916, Term of said Supreme Court, on the 14th day of March, 1916, the following proceeding was had in said cause, to wit:

#7022.

OKLAHOMA GIN CO.

vs.

STATE OF OKLAHOMA.

And now this cause comes on for final decision and determination by the court upon the record and briefs filed herein,

And the court having considered the same finds that the judgment of the trial court in the above cause should be affirmed.

It is therefore ordered and adjudged by the court that the order and judgment of the Corporation Commission in the above cause be, and the same is hereby affirmed.

Opinion by Turner, J. All the Justices concur.

626 Filed Mar. 14, 1916. William M. Franklin, Clerk.

In the Supreme Court of the State of Oklahoma.

No. 7022.

OKLAHOMA GIN COMPANY, Plaintiff in Error,

vs.

THE STATE OF OKLAHOMA, Defendant in Error.

1. Section 13 was an act approved June 10, 1908, vested the Corporation Commission with jurisdiction to prescribe rates and charges under the conditions prescribed by the act and the same was expressed in its title, and the same being referable and cognate thereto.

2. The power thus delegated by the Legislature to the Corporation Commission is not in conflict with the Constitution, article 4, section 1, and was delegated pursuant to Constitution, article 4, section 18.

3. In fixing the rates and charges complained of the sole question before the Commission was whether the charge was a reasonable exaction to be paid by the individual dealing with the Company, considering the service to be rendered by the company. With the question whether or not the rate when applied to all the gins concerned would yield sufficient revenue to pay the operation expenses and keep all of them running for any length of time, the Commission had no concern and hence the effect of an admission by the Corporation Commission in a proceeding for contempt against one company whose rates and charges had been fixed, for violating the order, that such it would not, is nil.

4. Evidence examined and Held, That the *prima facie* presumption attending the order of the Commission, fixing the minimum charge for ginning cotton at C. at fifty cents per hundred for lint cotton, with maximum charge of \$2.50 a bale, and fixing the charge of bagging and ties at approximately \$1.00 per bale, has not been overcome.

(Syllabus by the Court.)

Appeal from the Corporation Commission, Order No. 759.

Affirmed.

Ames, Chambers, Lowe & Richardson, Attorneys for Appellant.
S. P. Freeling, Attorney General, Attorney for State.

627 Opinion of the Court, by TURNER, J.:

Upon a hearing of three separate complaints in causes Nos. 1976, 77 and 78, made before the Corporation Commission, charging that appellant and certain other ginning companies operating at Chandler had formed an unlawful combination in restraint of trade by fixing a certain price for ginning cotton in violation of an act entitled: "An act to define a trust, monopoly, unlawful combination in restraint of trade; to provide civil and criminal penalties and punishment for violation thereof and damages thereby caused; to regulate such trusts and monopolies; to promote free competition for all classes of business in the State; and declaring an emergency," (Approved June 10, 1908, Sess. L. 1907-8 p. 750.) ; the Commission, present all parties in interest, on October 17, 1913, made and entered order No. 759, fixing the minimum charge for ginning cotton at Chandler at fifty cents per hundred pounds of lint cotton, with a maximum charge of \$2.50 per bale, also fixing the charge for bagging and ties at approximately \$1 per bale. On February 26, 1914, three separate complaints were filed with the Commission against the appellant, Oklahoma Gin Company, which operated a round-bale gin at Chandler, charging it with three separate violations of said order; to which appellant answered admitting violating the order but alleging the same to be unjust, unreasonable and void for certain reasons therein set forth. By consent of parties the three complaints were consolidated and tried together as one case. At the conclusion of which the Commission made and entered three orders adjudging appellant guilty of all three charges and fining it \$500. in each case. In each case appellant filed exceptions, and after motion for new trial filed and also overruled, brings each case here, pursuant to Comp. Laws 1909, sec. 1239 (Sess. L. 1907-8, p. 230.), where all were consolidated on cause No. 7022.

Assailing the validity of the order it is contended that
628 Section 13 of said act vests no jurisdiction in the Corporation
Commission and, if it does, that the same is not embraced
within the title of the act, and hence in violation of article 5, section
57, of the Constitution, and void. Section 13 reads:

"Whenever any business, by reason of its nature, extent, or the existence of a virtual monopoly therein, is such that the public must use the same, or its services, or the consideration by it given or taken or offered, or the commodities bought or sold therein are offered or taken by purchase or sale in such a manner as to make it of public consequence, or to effect the community at large as to supply, demand, or price or rate thereof, or said business is conducted in violation of the first section of this act, said business is a public business, and subject to be controlled by the State, by the Corporation Commission or by an action in any district court of the State, as to all of its practices, prices rates and charges. And it is hereby declared to be the duty of any person, firm or corporation engaged in any public business to render its services and offer its commodities, or either, upon reasonable terms without discrimination and adequately to the needs of the public, considering the facilities of said business."

Not so; when the legislature by section 1 of the act denounced every act, agreement, contract, or combination in whatsoever form and every conspiracy in restraint of trade within the State as illegal and, in section 13 provided, among other things, that "Whenever any business, (Within the State) * * * is such that the public must use the same, or its services, * * * or (whenever) the commodities bought or sold therein are offered or taken by purchase or sale in such a manner as to make it of public consequence or (in such manner as) to effect the community at large as to supply, demand or price or rate thereof, or (and) said business is conducted in violation of the first section of this act, said business is a public business and (is) subject to be controlled, * * * by the Corporation Commission, "it meant that whenever a business, although organized, it may be, for the purpose of private gain, has placed its property in such a position that the public has become interested in its use, and such business is conducted in violation of section 1 of the act, i. e., governed by a trust, monopoly or combination or conspiracy in restraint of trade, the same was, by the act, de-
629 clared to be a public business, and made subject to the control of the Corporation Commission. Speaking to said section, in Shawnee Gas & Elect. Co. v. Corporation Commission, 35 Okla. 454, quoting approvingly from an unpublished opinion of Hayes, J., we said:

"This section provides that whenever a business shall have certain characteristics, it shall be a public business and shall be subject to the jurisdiction of the Corporation Commission to regulate its practices, rates, and prices; but it does not provide that all public business shall be subject in these respects to such jurisdiction. * * * The first part of said section attempts to define the class of business which the latter part of the section subjects to the jurisdiction of the Corporation Commission and the district courts. It appears to us clear that what was the intention was to bring within the jurisdiction of the Commission the regulation of charges and rates for services connected with those businesses that violate the acts and are connected, not with business strictly of a public character, such as com-

mon carriage, supply of water and gas, but with that class of business in which the owners, without any intent of public service, have placed their property in such a position that the public has an interest in its use.

"The distinction between the class of business and its service intended to be defined by and included in said section and the business and service of public corporations is, we think, well made by Mr. Justice Brewer, who delivered the opinion of the court in *Cotting v. Gadard*, 183 U. S. 79, (22 Sup. Ct. 30, 46 L. Ed. 92), in the following language: 'In the one (referring to property devoted to public service) the owner has intentionally devoted his property to the discharge of a public service. In the other, he has placed his property in such a position that, willingly or unwillingly, the public has acquired an interest in its use. In the one he deliberately undertakes to do that which is proper work for the state. In the other, in pursuit of merely private gain, he has placed his property in such a position that the public has become interested in its use. In the one it may be said that he voluntarily accepts all the conditions of public service which attach to like service performed by the State itself; in the other, that he submits to only those necessary interferences and regulations which the public interest require.'" It was this second class of business with which we think section 13 was dealing and intended to place under the jurisdiction of the Corporation Commission and the district courts of the State as to all practices, rates, and charges. The act confers, not only upon the Corporation jurisdiction to prescribe rates and charges under the conditions mentioned there, but also confers a like and concurrent power on the district courts of the State."

And the jurisdiction thus vested was embraced in the title of the act. The act was one "defining a trust, unlawful combination in restraint of trade, monop-ly;" and one "to regulate such trusts and monop-lies." *Hingle v. The State*, 24 Ind. 28, involved the constitutionality of the 14th section of the liquor law of 1859, which

attempted to confer jurisdiction of cases prosecuted for the
630 violation of the act both upon the Common Pleas and the
Circuit Courts of the State. There, as here, the objection was
made that such vesting of jurisdiction was not embraced in the title
of the act contrary to constitutional provision substantially the same
as here. In answer to the contention the court said:

"Is the insertion in an act to regulate the liquor traffic, of a section conferring upon particular courts jurisdiction of cases prosecuted for its violation, within any of the mischiefs intended to be prevented? This question can be answered only in the negative, and such an answer conclusively disposes of this constitutional objection."

See also *Ream v. State* 23 Ind. 111. *Thomasson vs. State* 15 Ind. 449.

We are therefore of opinion that that part of section 13 of the act which vests jurisdiction in the Corporation Commission, in the language of this court in *Leedy vs. Brown, et al.* 27 Okla. 489,

"Is referable and cognate to the subject expressed in its title, going

to make up a complete enactment or resulting or a complement of the main thought therein contained."

It is next urged that if said section is construed as a grant of power then the power thus delegated to the Corporation Commission is legislative and hence in conflict with the Constitution, article 4, section 1. It is contended that if said section gives the Commission power to determine whether a particular business not theretofore controlled by the State can thenceforth be controlled by it, then "is a delegation of legislative power of a character *no delegable*," under the Constitution.

It is no argument against the constitutionality of the act that it delegates to the Commission legislative power for the reason that while article 4, section 1, provides:

"The powers of the government of the State of Oklahoma shall be divided into three separate departments: The legislative, executive and judicial; and except as provided in this constitution, the legislative, executive and judicial departments of government shall be separate and distinct, and neither shall exercise the powers properly belonging to either of the others,"

the Constitution in establishing the Commission, itself otherwise provided as held in *St. Louis & San Francisco Ry. Co. vs. Williams, et al.*, 25 Okla., where at page 665, we said:

631 "The Corporation Commission, by virtue of the provisions of article 9 of the Constitution, is invested with extraordinary powers, being authorized to exercise not only legislative, but also executive, administrative and judicial powers."

The Supreme Court of Virginia, in *Winchester v. Strasburg R. Co.*, 106 Va. 264, construing an identical provision, said:

"This court has recognized the validity of the State Corporation Commission as a legally constituted tribunal of the State, clothed with legislative, judicial and executive powers. *Atlantic Coast Line v. Com'th*, 102 Va. 599, 46 S. E. 911; *Norfolk etc. Co. v. Com'th*, 103 Va. 294, 49 S. E. 39. In the last named case, at page 295, it is said: 'The State Corporation Commission, created by constitutional authority, is the instrumentality through which the State exercised its governmental power for the regulation and control of public service corporations. For that purpose it has been clothed with legislative, judicial and executive powers.' The concentration of these three powers of government in the Corporation Commission is not in contravention of the Bill of Rights. That declaration is a part of the constitution, which expressly provides that 'Except as hereinafter provided, the legislative, executive and Judicial departments shall be separate and distinct,' thereby recognizing the well accepted view that the administration of the government would be wholly impracticable if that general maxim were strictly literally and unyieldingly applied in every possible situation."

But let this be a delegation, by the legislature to the Commission of whatsoever kind of power it may, the same is expressly authorized. Constitution, Art. 4, Sec. 18, provides:

"The Commission shall have the power and authority to be charged

with the duty of supervising, regulating and controlling all transportation and transmission companies doing business in the State, in all matters relating to the performance of their public duties and their charges therefor, * * * and to that end shall from time to time enforce against said companies * * * such rates, charges," etc.

Now, while the company in question is neither a transportation or transmission company, from this delegation of power we catch the idea of what power is intended to be delegated by later constitutional provisions invoked as applicable to the company in question. In the large, this is a delegation of power to the Commission, if properly raised in a proper case before, to hear and determine the question of whether or not the company whose rates and charges are the subject of inquiry is a transportation or transmission company: this is a delegation of judicial power. When that question is determined in the affirmative, by the commission as a result of a hearing before it, the matter of fixing the rates or charges for that company by the commission is an exercise of legislative power. And so where, in the next section, the Constitution, after clothing the Commission, in all matters pertaining to the control of corporations within the State with the power of a court of record, and further providing that "The Commission may be vested with such additional powers, and charged with such other duties (not inconsistent with this Constitution) as may be prescribed by law in connection with the * * * control of corporations," it means that the legislature was authorized to designate corporations other than transportation and transmission companies and extend the jurisdiction of the Commission over them also, in all matters pertaining to the regulation of their rates, charges, etc. And which the legislature did by Section 13, supra, by prescribing by law, in effect, that whenever any corporation places its business in such a position that the public acquires an interest in its use, and then enters into a combination in restraint of trade, the Commission is vested with judicial power to hear and determine whether such is true; and if so, to exercise legislative power and proceed and fix its rates and charges, as in the case of transportation and transmission companies. Such was the allegation on which the violated order is based. Turning to the complaints resulting in that order, we find the charge to be:

"That the respective business of each is such that by reason of its nature and extent the public must use the same, or its services, and that the consideration by it, taken or given or offered, and the commodities bought and sold are offered, taken by purchase or sale in such manner as to make it of public consequence, or to effect the community at large as to supply and demand, and as to price or rate thereof, and that said business is conducted in violation of section 8800 of Snyder's Compiled Laws of the State of Oklahoma, and that the same is therefore a public business and subject to be controlled by the State of Oklahoma by the Corporation Commission, as to all its practices, prices, rates and charges."

We are therefore of opinion that the powers granted by the
633 section under construction were properly delegated and did
not conflict with Article 4, Section 1 of the Constitution, as
contended.

While the order complained of is not assailed as unreasonable or unjust upon the ground that there was no evidence reasonably tending to support the finding of an unlawful combination in restraint of trade, it might be well to state that the complaint on which the order was based charged, and the Commission found, that such combination in fact existed among the five gins located in Chandler. It further found:

"That the defendant, Chandler Cotton Oil Company, working in conjunction with the other defendants, had closed down its gin in the town of Chandler with an understanding by the terms of which it was to receive the seed from all cotton purchased by the operators of the gins of the other defendant companies, upon which it agreed to pay a premium or commission of \$2.00 per ton; that subsequent to such agreement between the Chandler Cotton Oil Company and the other defendants, there was an arbitrary advance in the price of cotton ginning to \$4.00 per bale and thereafter the defendant gin companies refused to allow seed buyers to drive their wagons under the seed hoppers of defendants to take away any cotton seed bought by them in the regular order and course of business transactions."

The only assault made upon the order is that the same is unreasonable and unjust, because the price fixed is less than "the cost of the service and the effect of the order, if enforced is to deprive appellant of its property without due process of law."

In answer to this contention, it is sufficient to say that, as the Commission found by fixing the minimum charge for ginning cotton in Chandler at 50 cents per hundred pounds of lint cotton, with a maximum charge of \$2.50 per bale, and by fixing the charge for bagging and ties at approximately one dollar a bale, that such was a reasonable charge for the service, the burden of showing the order to be unreasonable and unjust is on appellant; for to us the order is *prima facie* just, reasonable and correct. And this appellant attempts to do by pointing, not to the order assailed, but to the order appealed from, where the Commission admits: * * * that the

634 price of fifty cents per bale is not sufficient to pay the operating expenses and keep all the gins in Chandler in operation during the ginning season" and insists that the effect of the admission is to concede that the *prima facie* effect of the order has been overcome. Not so, for the reason that what is thus admitted might be true, and yet the reasonableness and justness of the rate fixed would be in no wise affected thereby. In fixing the rate complained of, the sole question before the Commission was whether the charge fixed was a reasonable exaction to be paid by the individual dealing with the company, considering the service to be rendered him by the company. With the question whether or not the rate, when applied to all the gins concerned would yield sufficient revenue to pay the operating expenses and keep all of them running for

any length of time, the Commission had no concern, and hence the effect of such admission is nil.

In the Goddard case, *supra*, Brewer, J., after citing and quoting from numerous authorities, said:

"In Canadian Southern R. Co. v. International Bridge Company (L. R. 8 App. Cas. 723, 731) Lord Chancellor Selborne thus expressed the decision of the House of Lords:

'It certainly appears to their lordships that the principle must be, when reasonableness comes in question, not what profit it may be reasonable for a company to make, but what it is reasonable to charge to the person who is charged. That is the only thing he is concerned with. * * *'"

And later on, speaking for the court, said:

"The authority of the legislature to interfere by a regulation of rates is not an authority to destroy the principles of these decisions, but simply to enforce them. Its prescription of rates is *prima facie* evidence of their reasonableness. In other words it is a legislative declaration that such charges are reasonable compensation for the services rendered, but it does not follow therefrom that the legislature has power to reduce any reasonable charges because by reason of the volume of business done by the party he is making more profit than others in the same or other business. The question is always, not what does he make as the aggregate of his profits? but, what is the value of the services which he renders to the one seeking and receiving such services?"

And so, we say, if the Commission was without power to reduce any reasonable rate or charge because, on account of the business done by appellant it is making more profit than others in the busi-

ness, it follows that with what appellant, or others, is making
635 or not making, or would or would not make, as a result of
the rate when applied, the Commission has no concern; and
hence, the admission of the Commission under consideration has no
force or effect to overcome the presumption that the order fixing the
rate assailed is *prima facie* just, reasonable and correct.

We are therefore of opinion, after an examination of the evidence, that the presumption attending the finding of the Commission, among other things:

"That the claims of ginners that the cost of ginning per bale ranges from above \$4.00 to \$6.00 are erroneous, as a great proportion of such expense is not an expense incident to ginning, is an expense of cotton buying and selling and not properly assignable to the cost of ginning"; and that "from investigation in other cases and by general inquiry that the prevailing price for custom ginning over the state does not exceed \$3.50 per bale and that where a price of \$4.00 is charged in any particular community, is where the large cotton or oil mill companies have a line of gins, which places them virtually in control of the ginning business and enables them to dictate and control of the ginning business and enables them to dictate and fix the price of ginning; that such companies as a rule prefer to buy the cotton in the seed in order that they^{*}may obtain or control the seed, and that they are in a position to place the price of

custom ginning at a figure that will make it more profitable to the farmer to sell his cotton in the seed than to have it custom ginned and retain or sell his seed, separate from the cotton."

and the order based thereon, fixing charge for ginning cotton at Chandler, as above set forth, has not been overcome, and that the same should be affirmed, and it is so ordered.

All the justices concur.

636 In the Supreme Court of the State of Oklahoma.

No. 7022.

OKLAHOMA GIN COMPANY, Plaintiff in Error,

vs.

THE STATE OF OKLAHOMA, Defendant in Error.

Petition for Rehearing.

Comes now the plaintiff in error and respectfully prays the court to set aside the opinion and order filed in said cause on March 14, 1916, and to grant it a re-hearing, and in support of said petition it respectfully shows the following reasons:

1.

The court in said opinion has overlooked the second proposition stated in the brief of the plaintiff in error and all of the authorities cited in support thereof, and plaintiff in error respectfully refers to pages 13 to 28 of its original brief and the authorities there cited and the argument there contained.

2.

The court in said opinion overlooks all of the authorities cited and argument advanced in support of the contention that Section 13 of the Anti-trust Act if construed as a grant of jurisdiction to the Corporation Commission is an invalid delegation of legislative power.

In support of this assignment, we invite the court's attention to the argument supporting our third proposition at pages 39 to 41 of our brief and the authorities there cited. We call attention to the fact that none of said authorities are mentioned in said opinion and that none of the argument there set forth is in any way referred to.

637

3.

The opinion overlooks all of the argument and authorities cited in support of our contention that the price fixed is less than the cost of the service, and the effect of the order is to deprive the plaintiff in

error of its property without due process of law and in violation of the Constitution of the United States.

In support of this assignment we invite the court's attention to the fourth subdivision of our argument extending from pages 42 to 51 of the brief and the authorities there cited, as well as the entire appendix of the brief setting forth the facts and evidence in the case.

Not only does the opinion overlook all of the authorities and argument on this point, but it shows that we completely fail to make our position clear to the court. For instance, on page 8 of the opinion in the top paragraph it is said:

"While the order complained of is not assailed as unreasonable or unjust upon the ground that there was no evidence reasonably tending to support the finding of an unlawful combination in restraint of trade, it might be well to state that the complaint on which the order was based charged, and the Commission found, that such combination in fact existed * * *."

We utterly failed to make our position clear to the court on this point, although we stated at page 45 of our brief our position as follows:

"Another statement of the Commission is that there was a combination of the ginners at Chandler to advance the price of ginning. This statement we likewise challenge and are unable to refer to the evidence on the subject, because as we read the record there is not any evidence tending to show that the Oklahoma Gin Company was in any way a party to any such agreement. If the attorney general finds any evidence in the record on this point we trust that he will call it to the court's attention."

The attorney general notwithstanding this specific challenge refers to no evidence supporting the statement of the Corporation Commission, and it might have been sufficient to let the matter stand in that situation.

638 However, we filed a typewritten reply brief in this case, the last paragraph of which is as follows:

"At page 45 of our brief we stated that in reading the record we have not found any evidence supporting the statement of the Commission that there was a combination of ginners at Chandler to advance the price of ginning, and we asked the Attorney General to point out any such evidence if he has succeeded in finding it. He has not done so. As neither one of us found such evidence, we therefore feel that we are safe in saying that it is not in the record and that therefore this statement of the Commission is not based on the weight of the evidence, but is entirely gratuitous and based on no evidence whatever."

We therefore, after careful examination, found no evidence in the record justifying the Commission's statement. We so stated and challenged the Attorney General to point out any such evidence. He did not do so. In our reply brief we emphasized the fact that he had not done so and we there claimed that as neither of us had found such evidence we felt safe in asserting that it was not in the record. The court has not referred to any such evidence.

Notwithstanding this state of the briefs the opinion says that we did not assail the order upon the ground that there was no evidence to support the finding of an unlawful combination in restraint of trade.

We regret that all we said in our original brief and in our reply brief failed to convey our position on this matter, and we respectfully pray that the court will now examine our position and realize that we challenge again the finding of the Commission on this point as wholly unsupported by any evidence in the case.

In addition to our failure to make ourselves clear on this point, we seem to have equally failed to make our position clear with reference to the price being less than the cost of the service and unreasonably low.

Our argument on that point was, (1) that the Commission admitted that the price was less than the cost of the service, and (2) that the evidence overwhelmingly demonstrated that the price was less than the cost or value of the service.

639 The opinion say- that the presumption is in favor of the order of the Commission, which of course is quite true. At the bottom of page 8 of the opinion our position is stated as simply being the admission of the Commission "that the price of fifty cents per bale is not sufficient to pay the operating expenses and keep all the gins in Chandler in operation during the ginning season" and that the effect of this admission is that the *prima facie* effect of the order has been overcome.

The court then holds "not so" for the reason that as applied to the facts this admission is "nil".

We say the court overlooked our entire argument on this point because at page 45 of our brief we say:

"While the Commission admits that its price of ginning is less than the cost, we likewise print as an appendix to this brief all of the evidence of Mr. Ben Clayton, who operated the particular gin involved, showing the cost of operating, and a tabulated statement showing the cost of operation of all the gins in this vicinity from which we could procure information."

We therefore did not rest solely on the admission of the Commission, but we printed material parts of the evidence in full and filed a tabulated statement showing the cost of ginning at dozens and dozens of gins, including practically every one in that section of the state. The Commission itself does not pretend that the price fixed by it equals the cost of the service, but specifically justifies fixing a price at less than the cost on the ground that there are too ma-y gins in Chandler.

We respectfully submit that the court has overlooked all of the argument and authorities we have cited on the whole case, and on the last proposition has not decided the point involved at all.

640 The last proposition involves a question arising under the Constitution of the United States, and we think that we are at all events entitled to a fair statement of the record which will enable us to submit the question for review in that court.

We are not filing a brief in support of this petition for re-hearing

for the reason that our original brief and our reply brief cover the ground and we invite the attention of the court to the briefs already on file, the argument therein contained and the authorities there cited. If we should file additional briefs they would merely be by way of repetition and as our authorities have not been considered and our argument- have not been answered and our position has been wholly misconceived, we trust that the court will refer to both briefs already on file in support of this petition for rehearing, and that at all events on the last point the opinion will be so revised as to correctly state our position and to correctly state the record so that we may assert our unquestioned rights in the Supreme Court of the United States without having the facts obscured by a mis-statement of our position.

AMES, CHAMBERS, LOWE &
RICHARDSON,
Attorneys for Plaintiff in Error.

Service accepted this Mar. 29, 1916.

S. P. FREELING,
Att'y General.

JNO. B. HARRISON,
Ass't Att'y Gen.

Endorsed on back: In the Supreme Court of the State of Oklahoma. Oklahoma Gin Company, Plaintiff in Error, vs. The State of Oklahoma, Defendant in Error. Petition for rehearing, filed Mar. 29, 1916. William M. Franklin, Clerk.

641 Thereafter, at the July, 1916, Term of said Supreme Court, on the 11th day of July, 1916, the following proceeding was had in said cause, to wit:

* * * * *

#7022.

OKLAHOMA GIN Co.
vs.
STATE OF OKLAHOMA.

And now on this day it is ordered by the court that the petition for rehearing filed in each of the above entitled and numbered causes be, and the same are each hereby denied.

642 In the Supreme Court of the State of Oklahoma.

No. 7022.

OKLAHOMA GIN COMPANY, a Corporation, Plaintiff in Error,
vs.

STATE OF OKLAHOMA, Defendant in Error.

Application for Leave to File a Second Petition for Rehearing.

Comes the plaintiff in error in said cause and prays leave of Court for permission to file a second petition for rehearing therein, and in support of said application respectfully shows to the Court:

One of the principal contentions made by the plaintiff in error in the record, in the briefs and oral argument, and throughout the course of the litigation, has been that the rate fixed by the Commission deprived it of its property in violation of the Fourteenth Amendment to the Constitution of the United States.

This contention has rested upon the fact frankly admitted by the Corporation Commission that the rate ordered by it was less than the cost of doing business at Chandler. The Commission justified its rate by the theory that there were too many gins in Chandler resulting in a division of business, making it impossible for any of them to transact business at the rate involved. They held, however, 643 that if there were only two or three gins there would be ample cotton coming to each to enable them to transact the business at the rate ordered. These are the undisputed facts of the record. They are explicitly stated by the Commission and our claim has been and is that under these facts the order of the Commission takes our property without due process of law.

An examination of the Court's opinion fails entirely to disclose these facts, although they are not questioned on the record. We feel confident that the Court has no desire to deprive us of our right to appeal to the Supreme Court of the United States, and yet we fear that the opinion, by failing to correctly state the facts, may result in that deprivation.

The Court holds that it has examined the evidence and finds nothing to overcome the *prima facie* presumption attending the order of the Commission. The inference from this is that the evidence supports the finding on the ground that the rate fixed is a reasonable rate, while the Commission does not claim that the rate fixed is a compensatory rate in any sense of the word, and the record abundantly demonstrates that it is non-compensatory.

In addition to this, the Court says that the evidence shows there was a combination at Chandler to fix the price. We respectfully submit to this Court that this statement is not justified by the record. We find no such evidence. We called upon the Attorney General to refer to such evidence and he failed to do so. We make bold to state that there is no such evidence in the record, and that the Attorney

General, as well as ourselves, has failed to find it. The Court does not find eny such evidence.

644 On account of these errors of fact, which have inadvertently lodged in the Court's opinion, and the danger that our right of review by the Supreme Court of the United States may be cut off by the errors, we respectfully pray for leave to file a second petition for rehearing in which we may more fully argue the points herein raised.

We respectfully attach hereto a copy of the original petition for rehearing.

AMES, CHAMBERS, LOWE &
RICHARDSON,
Attorneys for Plaintiff in Error.

Service of copy of the foregoing motion is acknowledged this 19th day of July, 1916.

S. P. FREELING,
Attorney General.

645 In the Supreme Court of the State of Oklahoma.

No. 7022.

OKLAHOMA GIN COMPANY, Plaintiff in Error,

vs.

THE STATE OF OKLAHOMA, Defendant in Error.

Petition for Rehearing.

Comes now the plaintiff in error and respectfully prays the court to set aside the opinion and order filed in said cause on March 14, 1916, and to grant it a re-hearing, and in support of said petition it respectfully shows the following reasons:

1.

The court in said opinion has overlooked the second proposition stated in the brief of the plaintiff in error and all of the authorities cited in support thereof, and plaintiff in error respectfully refers to pages 13 to 28 of its original brief and the authorities there cited and the argument there contained.

2.

The court in said opinion overlooks all of the authorities cited and argument advanced in support of the contention that Section 13 of the Anti-trust Act if construed as a grant of jurisdiction to the Corporation Commission is an invalid delegation of legislative power.

In support of this assignment, we invite the court's attention to

the argument supporting our third proposition at pages 39 to 41 of our brief and the authorities there cited. We call attention to the fact that none of said authorities are mentioned in said opinion and that none of the argument there set forth is in any way referred to.

646

3.

The opinion overlooks all of the argument and authorities cited in support of our contention that the price fixed is less than the cost of the service, and the effect of the order is to deprive the plaintiff in error of its property without due process of law and in violation of the Constitution of the United States.

In support of this assignment we invite the court's attention to the fourth subdivision of our argument extending from pages 42 to 51 of the brief and the authorities there cited, as well as the entire appendix of the brief setting forth the facts and evidence in the case.

Not only does the opinion overlook all of the authorities and argument on this point, but it shows that we completely fail to make our position clear to the court. For instance on page 8 of the opinion in the top paragraph it is said:

"While the order complained of is not assailed as unreasonable or unjust upon the ground that there was no evidence reasonably tending to support the finding of an unlawful combination in restraint of trade, it might be well to state that the complaint on which the order was based, charged, and the Commission found, that such combination in fact existed."

We utterly failed to make our position clear to the court on this point, although we stated at page 45 of our brief our position as follows:

"Another statement of the Commission is that there was a combination of the ginners at Chandler to advance the price of ginning. This statement we likewise challenge and are unable to refer to the evidence on the subject, because as we read the record there is not any evidence tending to show that the Oklahoma Gin Company was in any way a party to any such agreement. If the attorney general finds any evidence in the record on this point we trust that he will call it to the court's attention."

The Attorney General notwithstanding this specific challenge refers to no evidence supporting the statement of the Corporation Commission, and it might have been sufficient to let the matter stand in that situation.

647 However, we filed a typewritten reply brief in this case, the last paragraph of which is as follows:

"At page 45 of our brief we stated that in reading the record we have not found any evidence supporting the statement of the Commission that there was a combination of ginners at Chandler to advance the price of ginning and we asked the Attorney General to point out any such evidence if he has succeeded in finding it. He has not done so. As neither one of us found such evidence, we

therefore feel that we are safe in saying that it is not in the record and that therefore this statement of the Commission is not based on the weight of the evidence, but is entirely gratuitous and based on no evidence whatever."

We therefore, after careful examination, found no evidence in the record justifying the Commission's statement. We so stated and challenged the Attorney General to point out any such evidence. He did not do so. In our reply brief we emphasized the fact that he had not done so and we there claimed that as neither of us had found such evidence we felt safe in asserting that it was not in the record. The court has not referred to any such evidence.

Notwithstanding this state of the briefs the opinion says that we did not assail the order upon the ground that there was no evidence to support the finding of an unlawful combination in restraint of trade.

We regret that all we said in our original brief and in our reply brief failed to convey our position on this matter, and we respectfully pray that the court will now examine our position and realize that we challenge again the finding of the Commission on this point as wholly unsupported by any evidence in the case.

In addition to our failure to make ourselves clear on this point, we seem to have equally failed to make our position clear with reference to the price being less than the cost of the service and unreasonably low.

Our argument on that point was (1) that the Commission admitted that the price was less than the cost of the service,
648 and (2) that the evidence overwhelmingly demonstrated that the price was less than the cost or value of the service.

The opinion says that the presumption is in favor of the order of the Commission, which, of course is quite true. At the bottom of page 8 of the opinion our position is stated as simply being the admission of the Commission "that the price of fifty cents per bale is not sufficient to pay the operating expenses and keep all the gins in Chandler in operation during the ginning season" and that the effect of this admission is that the *prima facie* effect of the order has been overcome.

The court then holds "not so" for the reason that as applied to the facts this admission is "nil."

We say the court overlooked our entire argument on this point because at page 45 of our brief we say:

"While the Commission admits that its price of ginning is less than the cost, we likewise print as an appendix to this brief all of the evidence of Mr. Ben Clayton, who operated the particular gin involved, showing the cost of operating, and a tabulated statement showing the cost of operation of all the gins in this vicinity from which we could procure information."

We therefore did not rest solely on the admission of the Commission, but we printed material parts of the evidence in full and filed a tabulated statement showing the cost of ginning at dozens and dozens of gins, including practically every one in that section of the state. The Commission itself does not pretend that the price

fixed by it equals the cost of the service, but specifically justifies fixing a price at less than the cost on the ground that there are too many gins in Chandler.

We respectfully submit that the court has overlooked all of the argument and authorities we have cited on the whole case, and on the last proposition has not decided the point involved at all.

649 The last proposition involves a question arising under the Constitution of the United States, and we think that we are at all events entitled to a fair statement of the record which will enable us to submit the question for review in that court.

We are not filing a brief in support of this petition for re-hearing for the reason that our original brief and our reply brief cover the ground and we invite the attention of the court to the briefs already on file, the argument therein contained and the authorities there cited. If we should file additional briefs they would merely be by way of repetition and as our authorities have not been considered and our argument has not been answered and our position has been wholly misconceived, we trust that the court will refer to both briefs already on file in support of this petition for rehearing, and that at all events on the last point the opinion will be so revised as to correctly state our position and to correctly state the record so that we may assert our unquestioned rights in the Supreme Court of the United States without having the facts obscured by a mis-statement of our position.

AMES, CHAMBERS, LOWE &
RICHARDSON,
Attorneys for Plaintiff in Error.

Endorsed on back: In the Supreme Court of the State of Oklahoma. Oklahoma Gin Company, a corporation, Plaintiff in Error, vs. State of Oklahoma, Defendant in Error. Application for Leave to File a Second Petition for Rehearing. Filed Jul- 21, 1916. W. M. Franklin, Clerk.

650 Thereafter, at the October, 1916, Term of said Supreme Court, on the 26th day of December, 1916, the following proceeding was had in said cause, to wit:

#7022.

OKLAHOMA GIN COMPANY

vs.

STATE OF OKLAHOMA.

And now on this day it is ordered by the court that the petition for rehearing filed in the above cause be, and the same is hereby denied.

651

Certificate.

I, Wm. M. Franklin, Clerk of the Supreme Court of the State of Oklahoma, do hereby certify that the foregoing 650 pages, numbered from 1 to 650, both inclusive, are a full, true and complete transcript of the record as called for in the stipulation requesting a transcript, filed in the within entitled cause, in case number 7022, Oklahoma Gin Company, Plaintiff in error, versus The State of Oklahoma, Defendant in error, as the same remain of record and on file in my office.

In Witness Whereof, I hereto set my hand and affix the seal of said Court, at Oklahoma City, Oklahoma, this 24 day of March, 1917.

[Seal Supreme Court, State of Oklahoma.]

W. M. FRANKLIN,
Clerk, Supreme Court of Oklahoma,
By N. C. ORR, *Ass't.*

652 In the Supreme Court of the State of Oklahoma.

No. —.

OKLAHOMA GIN COMPANY, Plaintiff in Error,
vs.

STATE OF OKLAHOMA, Defendant in Error.

Stipulation.

It is hereby stipulated and agreed by and between the parties to the above entitled cause, by their respective attorneys, that the time in which plaintiff in error may docket the case and file the record thereof with the Clerk of the United States Supreme Court may be enlarged thirty days from and after April 11th, 1917.

Dated this 9th day of April, 1917.

AMES, CHAMBERS, LOWE &
RICHARDSON,

Attorneys for Plaintiff in Error.

A. P. FREELING, *Att'y General,*

Attorneys for Defendant in Error,

By JNO. B. HARRISON,

Ass't Att'y Gen.

653 [Endorsed:] No. —. In the Supreme Court of the State of Oklahoma. Oklahoma Gin Company, Plaintiff in Error, vs. State of Oklahoma, Defendant in Error. Stipulation. Ames, Chambers, Lowe & Richardson, Attorneys and Counselors at Law, Oklahoma City, Okla.

654 In the Supreme Court of the State of Oklahoma.

No. —.

OKLAHOMA GIN COMPANY, Plaintiff in Error,

vs.

STATE OF OKLAHOMA, Defendant in Error.

Order.

This cause comes regularly on for hearing before the undersigned, the Chief Justice of the State of Oklahoma, who signed the original citation herein, on application of plaintiff in error for an enlargement of time in which to docket this case and file the record thereof with the clerk of the United States Supreme Court.

The court after being fully advised in the premises and for a good cause shown, hereby enlarges the time in which plaintiff in error may docket this case and file the record thereof with the Clerk of the United States Supreme Court for a period of thirty days from and after the 11th day of April, 1917.

Witness, the Honorable J. F. Sharp, Chief Justice of the Supreme Court of Oklahoma, the 9th day of April, A. D. 1917.

[Seal Supreme Court, State of Oklahoma.]

J. F. SHARP,
Chief Justice of the State of Oklahoma.

Attest:

W. M. FRANKLIN,
Clerk of the Supreme Court of Oklahoma,
By N. C. ORR, *Ass't.*

655 [Endorsed:] No. —. In the Supreme Court of the State of Oklahoma. Oklahoma Gin Company, Plaintiff in Error, vs. State of Oklahoma, Defendant in Error. Order. Ames, Chambers, Lowe & Richardson, Attorneys and Counselors at Law, Oklahoma City, Okla.

Endorsed on cover: File No. 25,946. Oklahoma Supreme Court. Term No. 497. Oklahoma Gin Company, plaintiff in error, vs. The State of Oklahoma. Filed May 7th, 1917. File No. 25,946.

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(All Oklahoma statutes cited in the brief are printed as an appendix.)



No. 185

In the Supreme Court of the United States

OCTOBER TERM, 1918

Oklahoma Gin Company,
Plaintiff in Error,
vs.
The State of Oklahoma,
Defendant in Error.

} No. 25,946

STATEMENT AND BRIEF OF PLAINTIFF IN ERROR.

This is a writ of error to the Supreme Court of Oklahoma to review a decision of that Court affirming an order of the Corporation Commission of that state imposing a fine upon the plaintiff in error for contempt (158 Pac. 629).

The matter grows out of the action of the Commission in prescribing a rate which the Gin Company might charge for ginning cotton.

On October 17, 1913, the Corporation Commission, after a hearing, made an order fixing the price which cotton gins in the town of Chandler might charge the public for ginning cotton (398). Under the laws of the state no appeal was allowed, and a resort to the courts was prohibited. The gin company disobeyed the order. In January, 1914, a complaint was filed with the Commission, charging the Gin Company with having violated the order (10). Citation was issued to the Gin Company to show cause why it should not be adjudged in contempt. In reply it filed its return, admitting that the order was made and that it had violated it, but justifying itself on the ground that the price fixed by the order was less than the cost or value of the service; that the Commission was without jurisdiction to make the order; that if the act under which the Commission had undertaken to proceed undertook to confer upon it jurisdiction, it was invalid on account of various provisions in the Constitution of Oklahoma, as well as because of conflict with the Fourteenth Amendment (11). Hearing was had on this citation, which showed that the price fixed by the Commission was less than the cost of ginning; but the Commission found that there were too many gins in Chandler; that if there were only two, in-

stead of five, they could gin for the price fixed; that consequently the price fixed was reasonable; that the order made was valid and that the Gin Company was in contempt (404). A fine of \$500.00 per day for each day the order had been violated, the costs of the proceeding and the duty of refunding to all customers was the penalty imposed by the decision (406). Three complaints were pending and a like punishment was prescribed in each (407-408). The Gin Company is therefore subjected to a fine of \$1,500.00 per day during each day the order has been violated, in addition to being compelled to refund the excess charge. The price fixed by the Commission was \$3.50 per bale during the season of 1912 and \$3.65 during the season of 1913 (403). The price charged by the Gin Company was \$4.00 per bale. An appeal was prosecuted to the Supreme Court of Oklahoma, which affirmed the judgment of the Commission.

ASSIGNMENT OF ERRORS

FIRST: The Supreme Court of Oklahoma erred in not holding that the act of the Oklahoma Legislature involved is void under the Fourteenth Amendment, because it prohibits a resort to the courts to test the reasonableness of the rates except at the risk of penalties and punishment so se-

vere as to amount to a denial of due process of law and the equal protection of the laws.

SECOND: The Supreme Court of Oklahoma erred in not holding the act in conflict with the Fourteenth Amendment for failing to require notice and an opportunity to be heard before the Corporation Commission could prescribe rates.

THIRD: The Supreme Court of Oklahoma erred in not holding that the rate fixed for ginning cotton deprives the plaintiff in error of its property without due process of law, because it is insufficient to cover the cost of ginning cotton, unreasonable and confiscatory.

FIRST.

The Act of the Oklahoma Legislature is void under the Fourteenth Amendment, because it prohibits a resort to the courts to test the reasonableness of the rates except at the risk of penalties and punishment so severe as to amount to a denial of due process of law and the equal protection of the laws.

The legislation involved is Section 13 of the Act of June 10, 1908 (Sec. 8235 of the Revised Laws 1910), reading as follows:

“Whenever any business, by reason of its nature, extent, or the existence of a virtual monopoly therein, is such that the public must use the same, or its services, or the consideration by it given or taken or offered, or the

commodities bought or sold therein are offered or taken by purchase or sale in such a manner as to make it of public consequence or to affect the community at large as to supply, demand or price or rate thereof, or said business is conducted in violation of the first section of this article, said business is a public business, and subject to be controlled by the State, by the Corporation Commission or by an action in any district court of the state, as to all of its practices, prices, rates and charges. And it is hereby declared to be the duty of any person, firm or corporation engaged in any public business to render its services and offer its commodities, or either, upon reasonable terms without discrimination and adequately to the needs of the public, considering the facilities of said business."

It will be noted that this section prescribes no procedure, requires no notice, authorizes no appeal and provides no punishment. In the State court we urged that it did not confer any jurisdiction upon the Corporation Commission, but the Court held otherwise.

In order to find the whole law on the subject, reference must be had to other parts of the Constitution and laws of the State, and the statute is to be treated as a part of a system of laws, and not as a single act.

Wadley So. Ry. Co. v. Georgia, 235 U. S. 651, 666.

The fine for disobeying an order of the Commission is such sum as the Commission may fix, not to exceed \$500 per day.

Sec. 1192, Revised Laws 1910.

Sec. 19, Article 9, of the Constitution.

In matters before the Corporation Commission arising under the section involved it is held that no appeal will lie to the Supreme Court.

Harris-Irby Cotton Co. v. State, 31 Okla. 603.

Shawnee Gas & Elec. Co. v. State, 31 Okla. 505, 508.

By Section 20 of Article 9 of the Constitution it is provided:

“ * * * No court of this state (except the Supreme Court, by way of appeals as herein authorized) shall have jurisdiction to review, reverse, correct, or annul any action of the Commission within the scope of its authority, or to suspend or delay the execution or operation thereof, or to enjoin, restrain or interfere with the Commission in the performance of its official duties. * * * ”

We have therefore a case in which the Commission makes a rate. This, of course, is a legislative and not a judicial act. *L. & N. Ry. Co. v. Garrett*, 231 U. S. 298. We are prohibited from going into court to enjoin the rate, and we are prohibited from taking an appeal to the Supreme Court to re-

view it. The one remedy left open to us is to disobey the order, because when we are cited for contempt we then have the right under Section 19 of Article 9 of the Constitution to appear before the Commission sitting as a court and introduce evidence and be heard upon the reasonableness of the order violated, as well as upon the fact of its violation. From this decision of the Commission we are allowed an appeal to the Supreme Court of the State.

Section 1194, Revised Laws 1910.

It will be seen, therefore, that we have a right to review the order of the Commission before the Commission sitting as a court in a contempt proceeding, and to appeal to the Supreme Court of the State from the order punishing us for contempt. This is the only resort to the courts provided by the laws of the State.

In the case at bar, the Commission admits that the price which it fixed was less than the cost of ginning, but held that if there were only two gins at Chandler (instead of five) they could gin all the cotton offered at the price fixed by the Commission. We entertained the idea that we had a right to charge a price equal to the cost of the service. We knew that the price fixed by the Commission was

less than it was costing us. We desired to appeal to the courts to ascertain whether we were entitled to charge as much as the service cost. We pursued the only course open to us under the laws of the state. We found that under the laws of the state we were not entitled to charge as much as the service cost, and in getting this information we found that we were subject to a penalty of \$1,500.00 per day each day we had violated the order. Our gin plant cost about \$12,000 (268). The entire value of the plant, therefore, is consumed by the penalties which accrue in eight days, and as we have been in contempt ever since October 17, 1913. It will be seen that the penalties imposed have consumed the value of our plant several hundred times.

We think that these facts bring us squarely within the rule announced by this Court in *Mo. Pac. Ry. Co. v. Tucker*, 230 U. S. 340, 349, where it was held that a Kansas act prescribing rates on oil, imposing a penalty of \$500.00 for disobeying the act and giving no judicial review except by way of defense in a suit for the penalty, was void. The principles announced in *Chicago, etc., Ry. Co. v. Minnesota*, 134 U. S. 418, and *Ex Parte Young*, 209 U. S. 123, 147, apply here. Those two cases establish the rule that a legislative rate cannot be made conclusive

and that a statute which undertakes indirectly to do the same thing by imposing penalties which deter one from attacking it, is invalid. See, also, *Mo. Pac. Ry. Co. v. Neb.*, 217 U. S. 196, 207.

The earlier cases are reviewed in *Wadley So. Ry. Co. v. Georgia*, 235 U. S. 651, 660, 661, where it is said that any party affected by a rate is entitled, under the due process clause, to a judicial review, whether the rate is made by the legislature without a hearing, or by a Commission after a hearing.

Nor is it possible in this case to separate the penalties from the act as was done in *Wilcox v. Consolidated Gas Co.*, 212 U. S. 19, 53, and *Rail Coal Co. v. Ohio Industrial Com.*, 236 U. S. 338, 350, because here the punishment has already been imposed.

We deem it unnecessary to refer to other authorities or to review the ones cited at greater length. The members of the Court are, of course, thoroughly familiar with those decisions. We see no escape from them in this case, because here is the actual fact which was anticipated as possible in the Young case.

We also refer to our brief in the case of *Oklahoma Operating Co. v. Love*, submitted with this case.

SECOND.

The Act of the Oklahoma Legislature is void under the Fourteenth Amendment, because it does not provide the persons affected with the right to notice and an opportunity to be heard.

The section has already been quoted, and it will be observed that no procedure is provided whatever and no notice is required.

The section is a part of the anti-trust act and merely says that under certain circumstances the business is "subject to be controlled by the state, by the Corporation Commission."

There is no general section relative to the process and procedure of the Corporation Commission which can be construed as supplying the requirement of notice. Section 18 of Article 9 of the Constitution requires a hearing in matters relating to transportation and transmission companies, but the plaintiff in error under Section 34 of Article 9 of the Constitution is neither a transportation nor a transmission company. There is no statutory provision which in general terms can be construed in connection with the act, so as to save the point.

It is true that in the case at bar before the order was made fixing the rate, a hearing was allowed the plaintiff in error, but it seems to be well settled that the law itself must provide for notice, and that notice given by the grace of the public officers is not a substitute for the legal rights of the parties affected.

The rule is stated in *Coe v. Armour Fertilizer Works*, 237 U. S. 413, at page 424, as follows:

"Nor can extra-official or casual notice, or a hearing granted as a matter of favor or discretion, be deemed a substantial substitute for the due process of law that the Constitution requires. In *Stuart v. Palmer*, 74 N. Y. 183, 188, which involved the validity of a statute providing for assessing the expense of a local improvement upon the lands benefited, but without notice to the owner, the Court said: 'It is not enough that the owners may by chance have notice, or that they may as a matter of favor have a hearing. The law must require notice to them, and give them the right to a hearing and an opportunity to be heard.' The soundness of this doctrine has repeatedly been recognized by this Court. Thus, in *Security Trust Co. v. Lexington*, 203 U. S. 323, 333, the Court, by Mr. Justice Peckham, said, with respect to an assessment for back taxes: 'If the statute did not provide for a notice in any form, it is not material that as a matter of grace or favor notice may be given of the proposed assessment. It is not what notice, uncalled for by the statute, the taxpayer may have received in a particular case that is material, but the ques-

tion is whether any notice is provided for by the statute' (citing the New York case). So, in *Central of Georgia Ry. v. Wright*, 207 U. S. 127, 138, the Court said: 'This notice must be provided as an essential part of the statutory provision and not awarded as a mere matter of favor or grace.' In *Roller v. Holly*, 176 U. S. 398, 409, the Court declared: 'The right of a citizen to due process of law must rest upon a basis more substantial than favor or discretion.' And in *Louis. & Nash. R. R. v. Stock Yards Co.*, 212 U. S. 132, 144, it was said: 'The law itself must save the parties' rights, and not leave them to the discretion of the courts as such.' "

In addition to the authorities cited in this quotation, see, also, *Interstate Commerce Commission v. L. & N. R. R. Co.*, 227 U. S. 88.

THIRD.

The rate fixed deprives the plaintiff in error of its property without due process of law, because it is insufficient to cover the cost of ginning cotton, and is less than the value of the service.

The Corporation Commission admits the fact, admits that its rate will not pay operating expenses in Chandler, but justifies the rate on the ground that there are too many gins in Chandler and that if there were only two gins, instead of five, each one could make money on the rate prescribed. There are two opinions of the Commission in the record and one of the Supreme Court.

The first opinion of the Commission commences at page 398 and is the original opinion from which we could not, under the law, take an appeal. The second opinion of the Commission commences at page 404 and is the opinion fining us for contempt of court. The opinion of the Supreme Court commences at page 409. In the first opinion the Commission reviewed the evidence to some extent, and at page 399 says:

“ * * * evidence was offered to the effect that on account of the light yield of cotton in Lincoln County, it would cost more for custom ginning than \$4.00 per bale, the price now charged by defendants; that during the previous season of 1912-1913 it cost defendants more than \$4.00 per bale to gin custom cotton, which was assigned as the reason for the advanced rate.”

At page 400 it is said that the evidence showed the cost of ginning at a number of towns in Oklahoma in all of which it was in excess of \$4.00, the price charged by the plaintiff in error.

At page 402 are the Commission's findings of fact, the first of which is:

“The Commission finds from the evidence that there are at the present time a greater number of gins operated in the town of Chandler than are necessary to handle the crop of the season of 1913-1914, and a greater number than can be operated at a profit even if all cotton were custom ginned;”

and an order is made fixing the price of ginning at 50 cents per hundred pounds for lint cotton with a minimum charge of \$2.50 per bale, to which is added the price of bagging and ties.

As previously explained, this order could not be reviewed, and the only course left open to us was to either submit and operate our business at a loss, or disobey the order and take the chance of defeating it when cited for contempt. We pursued the latter course, and when cited for contempt offered a great deal of evidence, assailing the reasonableness of the order. Our testimony in some detail reviewed the history of the construction of cotton gins in Chandler, in Lincoln County (in which Chandler is located) and in all of the adjoining counties. It showed that practically every one of these gins was constructed originally as a strictly ginning proposition, and not as an incident to the operation of cotton seed oil mills, as had been claimed; that a large number of them had been built by various farmers' union organizations; that these were the last gins built; that without exception these gins and these organizations had failed in business; and that the cost of ginning in Lincoln and the adjoining counties was in excess of \$4.00. See the testimony of Messrs. W.

E. Baker, page 76; D. R. Owen, page 13; W. J. Arthur, page 34; A. M. DeBolt, page 45; E. J. Coyle, page 63; E. J. Miller, page 69; E. Cook, page 92; H. Barksdale, page 114, and J. M. Aydelotte, page 156.

The evidence also showed in detail that the cost to the Oklahoma Gin Company of operating its Chandler plant was in excess of \$4.00 per bale. See the testimony of W. L. Clayton, pages 123, 266, 269 and 281. In fact, this testimony seemed to be so conclusive that Commissioner Henshaw did not want to take the round bale gins as a basis, as will appear from the following statement by him at page 271 of the record (the gin in question is a round bale plant):

"Q. Now, I don't believe I care to, unless you gentlemen want to, to go into the cost of operating a round bale system, because we cannot make a price covering throughout the country to meet that condition, because they are only usually operated by cotton buyers and we have always been glad to have them in different parts of the state to stimulate the prices. They are not a bad thing to have.

The Witness: They stimulate prices all right.

Commissioner Henshaw: But I don't think I care to go into the cost of ginning cotton in the round bale as a basis. I don't want

to cause any reflection on the round bale business at all, because it is all right.

Mr. Johnson: I see where we would have lots of difficulty to arrive at a conclusion on the square bale and the round bale."

(The Mr. Johnson here quoted was the attorney for the complainants.)

Another difference between the round bale and the square bale, it should be remembered, is that after a square bale is ginned, it must be compressed, which costs 10 cents per hundred pounds, or about 50 cents per bale, whereas in the round bale it comes out of the gin very compactly pressed and needs no further compressing (Rec. page 268).

Notwithstanding this state of the record, the Oklahoma Gin Company was the only one of the defendants fined for contempt. The others, being individuals and not corporations, were not fined.

After the second hearing the Commission again admits that the price fixed by it does not cover the cost of ginning, but adheres to its former conclusion on the ground that there are too many gins in Chandler. This appears more definitely and fully in this opinion, as will appear from the following from page 405:

"It is admitted that the price of 50 cents

per bale is not sufficient to pay the operating expenses and keep all the gins at Chandler in operation during a ginning season. For this condition the public is not responsible. Should another road be built parallel to the 'Santa Fe' from here to Kansas City with a double outlay, should the public be required to advance the rates on the 'Santa Fe' in order to make this unwise expenditure profitable, We think not. It is therefore the conclusion of the Commission that, inasmuch as the gins have been established for a purpose in part, other than the ginning of cotton, there is no reason why the price of ginning custom cotton should be advanced, which would have the effect of aiding the undesirable practice of selling cotton in the seed, which limits the sale thereof, to the owners of the gins and puts a large portion of the cotton buyers at a disadvantage. It is more important to the public at large that all cotton buyers should have an even chance in the field, than the price of ginning itself. Every disadvantage drives independent buyers from the field, hence, *the Commision will only consider a sufficient number of gins at Chandler, which would be two, to gin the entire crop, and the building of other gins was an unnecessary expenditure, which the public is not required to keep up.*"

In this connection we wish to quote from Bulletin No. 36 of the United States Department of Agriculture (page 60 of the record), as follows:

"Commissioner Watson: In what State?

"Mr. Ames: It is in Oklahoma, on the subject of gins in this state they have this to say: 'In

this connection it is only fair to say that there is probably no state, with the possible exception of Texas, in which the equipment and efficiency of the average ginning establishment is so excellent as in Oklahoma. Our observation leads us to doubt whether 10 per cent of the ginning establishments in the southwestern portion of the belt could operate at all upon the cotton that the majority of the Oklahoma gins handle through a considerable part of the season. We are inclined to believe that a considerable part of the hand picked cotton results in a bale at least one grade higher than if it were put through the gins operated in Carolina.' "

At page 406 the Commission says that the order is reasonable and that cotton should be ginned throughout the state upon the basis it has been ginned for during the last 25 years, although the evidence shows that at a large number of places in Oklahoma the price is \$4.00 per bale, including a number of gins in Lincoln County (page 400). Extensive gin plants equipped with all the modern improvements turning out cotton at least one grade higher than the average gin plants in Carolina, must, notwithstanding this greater expense and efficiency, maintain the same price, although it is less than the actual cost of operating. The round bale gin, which in addition to ginning the cotton, compresses it, must operate for the same price as the square bale gin, and this, notwithstanding the fact that the Commission is not willing to take the

expense of operating a round bale plant as a basis for rate making.

The Commission bases a rate on a theoretical estimate, which it admits itself is not in accordance with the facts. It arbitrarily assumes that a gin should handle 2,500 bales of cotton (page 405) and upon this assumption (which it admits is incorrect), fixes a rate which will destroy our property.

In the first place, with five gins in Chandler handling 6,000 bales of cotton, each one cannot gin 2,500 bales. There are about 1,000 gins in the state of Oklahoma, and the yield of cotton ranges from 600,000 to 1,200,000 bales. They cannot possibly, therefore, gin an average of 2,500 bales each. A great many towns in the state of Oklahoma handle less than 1,000 bales of cotton, and on the Commission's theory, these towns should not have any gin at all.

In the next place the estimated cost of ginning 2,500 bales is not in accordance with the evidence.

See the testimony of D. C. Welch, page 161, as well as the actual cost of operating this company's plant in the town of Chandler two separate seasons. At page 123 the actual statement show-

ing the cost of operation for the season of 1912-1913 is set out. This season the company ginned the equivalent of 2,538 square bales, and the total cost per bale was \$4.89. At page 281 the actual expense of operating this gin another season is set out. During this season the company ginned the equivalent of 1,858 square bales at a cost of \$5.65 per bale. The actual expense of operating this company's plant at other places handling about 1,000 bales ranges from \$4.20 to \$6.05 per bale (302 to 305), and Mr. Clayton states at page 301 that the expense of buying cotton is not included in these figures.

We now turn to an examination of the opinion of the Court affirming the order of the Commission fining us for contempt. At page 415 the Court says:

“While the order complained of is not assailed as unreasonable or unjust upon the ground that there was no evidence reasonably tending to support the finding of the unlawful combination in restraint of trade, it might be well to state that the complaint on which the order was based charged, and the Commission found, that such combination in fact existed among the five gins located in Chandler.”

The petition for rehearing, at page 418, calls

the Court's attention to this sentence from its opinion, as follows:

"Not only does the opinion overlook all of the authorities and argument on this point, but it shows that we completely failed to make our position clear to the Court. For instance, on page 8 of the opinion, in the top paragraph, it is said:

"While the order complained of is not assailed as unreasonable or unjust upon the ground that there was no evidence reasonably tending to support the finding of an unlawful combination in restraint of trade, it might be well to state that the complaint on which the order was based charged, and the Commission found that such combination in fact existed. * * *

"We utterly failed to make our position clear to the court on this point, although we stated at page 45 of our brief our position as follows:

"Another statement of the Commission is that there was a combination of the ginners at Chandler to advance the prices of ginning. This statement we likewise challenged and are unable to refer to the evidence on the subject, because as we read the record there is not any evidence tending to show that the Oklahoma Gin Company was in any way a party to any such agreement. If the attorney general finds any evidence in the record on this point we trust that he will call it to the court's attention."

"The attorney general, notwithstanding this specific challenge, refers to no evidence sup-

porting the statement of the Corporation Commission, and it might have been sufficient to let the matter stand in that situation.

"However, we filed a typewritten reply brief in this case, the last paragraph of which is as follows:

"At page 45 of our brief we stated that in reading the record we have not found any evidence supporting the statement of the Commission that there was a combination of ginners at Chandler to advance the price of ginning, and we asked the Attorney General to point out any such evidence if he has succeeded in finding it. He has not done so. As neither one of us found such evidence, we therefore feel that we are safe in saying that it is not in the record and that therefore this statement of the Commission is not based on the weight of the evidence, but is entirely gratuitous and based on no evidence whatever."

"We, therefore, after careful examination, found no evidence in the record justifying the Commission's statement. We so stated and challenged the Attorney General to point out any such evidence. He did not do so. In our reply brief we emphasized the fact that he had not done so and we there claimed that as neither of us had found such evidence, we felt safe in asserting that it was not in the record. The court has not referred to any such evidence. Notwithstanding this state of the briefs the opinion says that we did not assail the order upon the ground that there was no evidence to support the finding of an unlawful combination in restraint of trade.

"We regret that all we said in our original brief and in our reply brief failed to convey our position on this matter, and we respectfully pray that the court will now examine our position and realize that we challenge again the finding of the Commission on this point as wholly unsupported by any evidence in the case."

The Court then takes up the Commission's finding as follows (page 415) :

"The only assault made upon the order is that the same is unreasonable and unjust, because the price fixed is less than 'the cost of the service and the effect of the order, if enforced, is to deprive appellant of its property without due process of law.'

"In answer to this contention, it is sufficient to say that, as the Commission found by fixing the minimum charge for ginning cotton in Chandler at 50 cents per hundred pounds of lint cotton, with a maximum charge of \$2.50 per bale, and by fixing the charge for bagging and ties at approximately one dollar a bale, that such was a reasonable charge for the service, the burden of showing the order to be unreasonable and unjust is on appellant; for to us the order is *prima facie* just, reasonable and correct. And this appellant attempts to do by pointing, not to the order assailed, but to the order appealed from, where the Commission admits; * * * that the price of fifty cents per bale is not sufficient to pay the operating expenses and keep all the gins in Chandler in operation during the ginning season' and insists that the effect of the admission is to concede that the *prima*

facie effect of the order has been overcome. Not so, for the reason that what is thus admitted might be true, and yet the reasonableness and justness of the rate fixed would be in no wise affected thereby. In fixing the rate complained of, the sole question before the Commission was whether the charge fixed was a reasonable exaction to be paid by the individual dealing with the company, considering the service to be rendered him by the company. With the question whether or not the rate, when applied to all the gins concerned would yield sufficient revenue to pay the operating expenses and keep all of them running for any length of time, the Commission has no concern, and hence the effect of such admission is nil.

"In the Goddard case, *supra*, Brewer, J., after citing and quoting from numerous authorities, said:

"'In *Canadian Southern R. Co. v. International Bridge Company* (L. R. S. App. Cas. 723, 731), Lord Chancellor Selborne thus expressed the decision in the House of Lords:

"'It certainly appears to their lordships that the principle must be, when reasonableness comes in question, not what profit it may be reasonable for a company to make, but what it is reasonable to charge to the person who is charged. That is the only thing he is concerned with. * * * *'

And later on, speaking for the Court, said:

"'The authority of the legislature to interfere by a regulation of rates is not an authority to destroy the principles of these decisions, but simply to enforce them. Its pre-

scription of rates is *prima facie* evidence of their reasonableness. In other words, it is a legislative declaration that such charges are reasonable compensation for the services rendered, but it does not follow therefrom that the legislature has power to reduce any reasonable charges because by reason of the volume of business done by the party he is making more profit than others in the same or other business. The question is always, not what does he make as the aggregate of his profits! but, what is the value of the services which he renders to the one seeking and receiving such services.'

"And so, we say, if the Commission was without power to reduce any reasonable rate or charge because, on account of the business done by appellant, it is making more profit than others in the business, it follows that with *what appellant or others, is making or not making, or would or would not make, as a result of the rate when applied the Commission has no concern*; and hence, the admission of the Commission under consideration has no force or effect to overcome the presumption that the order fixing the rate assailed is *prima facie* just, reasonable and correct."

Replying to this, we said in our petition for rehearing (page 419) :

"In addition to our failure to make ourselves clear, on this point, we seem to have equally failed to make our position clear with reference to the price being less than the cost of the service and unreasonably low.

"Our argument on that point was (1), that

the Commission admitted that the price was less than the cost of the service, and (2) that the evidence overwhelmingly demonstrated that the price was less than the cost or value of the service.

"The opinion says that the presumption is in favor of the order of the Commission, which, of course, is quite true. At the bottom of page 8 of the opinion our position is stated as simply being the admission of the Commission, 'that the price of fifty cents per bale is not sufficient to pay the operating expenses and keep all the gins in Chandler in operating during the ginning season,' and that the effect of this admission is that the *prima facie effect of the order has been overcome.*'

"The Court then holds 'not so' for the reason that as applied to the facts this admission is 'nil.'

"We say the Court overlooked our entire argument on this point, because at page 45 of our brief we say:

"While the Commission admits that its price of ginning is less than the cost, we likewise print as an appendix to this brief all of the evidence of Mr. Ben Clayton, who operated the particular gin involved, showing the cost of operating, and a tabulated statement showing the cost of operation of all the gins in this vicinity from which we could procure information."

"We, therefore, did not rest solely on the admission of the Commission, but we printed material parts of the evidence in full and filed a tabulated statement showing the cost of ginning at dozens and dozens of gins, including practically every one in that section of the state. The Commission itself does not pretend that the price fixed by it equals the cost of the service, but specifically justifies fixing a price at less than the cost on the

ground that there are too many gins in Chandler.

"We respectfully submit that the Court overlooked all of the argument and authorities we have cited in the whole case, and on the last proposition has not decided the point involved at all. The last proposition involves a question arising under the Constitution of the United States, and we think that we are at all events entitled to a fair statement of the record, which will enable us to submit the question for review in that court."

The Court overruled our petition for rehearing without any further opinion (page 420).

We thereupon filed an application for leave to file a second petition for rehearing as follows (p. 421):

"Comes the plaintiff in error in said cause and prays leave of court for permission to file a second petition for rehearing therein, and in support of said application respectfully shows to the court:

"One of the principal contentions made by the plaintiff in error in the record, in the briefs and oral argument, and throughout the course of the litigation, has been that the rate fixed by the Commission deprived it of its property in violation of the Fourteenth Amendment to the Constitution of the United States.

"This contention has rested upon the fact frankly admitted by the Corporation Commission that the rate ordered by it was less than the cost of doing business at Chandler. The Commission justified its rate by the theory that there were too many gins in Chandler, resulting in a division of

business, making it impossible for any of them to transact business at the rate involved. They held, however, that if there were only two or three gins there would be ample cotton coming to each to enable them to transact the business at the rate ordered. These are the undisputed facts of the record. They are explicitly stated by the Commission and our claim has been and is that under these facts the order of the Commission takes our property without due process of law.

"An examination of the court's opinion fails entirely to disclose these facts, although they are not questioned on the record. We feel confident that the Court has no desire to deprive us of our right to appeal to the Supreme Court of the United States, and yet we fear that the opinion, by failing to correctly state the facts, may result in that deprivation.

"The Court holds that it has examined the evidence and finds nothing to overcome the *prima facie* presumption attending the order of the Commission. The inference from this is that the evidence supports the finding on the ground that the rate fixed is a reasonable rate, while the Commission does not claim that the rate fixed is a compensatory rate in any sense of the word, and the record abundantly demonstrates that it is non-compensatory.

"In addition to this, the Court says that the evidence shows there was a combination at Chandler to fix the price. We respectfully submit to the Court that this statement is not justified by the record. We find no such evidence. We called upon the Attorney General to refer to such evidence and he failed to do so. We make bold to state that there is no such evidence in the record, and that the Attorney General, as well as ourselves, has

failed to find it. The Court does not find any such evidence.

"On account of these errors of fact, which have inadvertently lodged in the Court's opinion, and the danger that our right of review by the Supreme Court of the United States may be cut off by the errors, we respectfully pray for leave to file a second petition for rehearing in which we may more fully argue the points herein raised."

This was likewise overruled without comment (page 425).

The question involved, therefore, is whether a rate may be said to be reasonable, which is less than the cost of the service rendered, because, in the opinion of the Corporation Commission, there are too many gins in the state.

There are two railroads operating between Washington and New York, both of which pass in closely parallel lines through Baltimore and Philadelphia. They have been there for many years. Suppose the Interstate Commerce Commission should say that the investment was twice what it ought to be; that one railroad system could handle all of that business, and should lay down a purely theoretical cost of operating the one system, not the cost that the owners had found necessary, but a theoretical cost based on ideal conditions that the Commission might prescribe, and suppose the

rate thus ascertained would be less than the cost of operating the two railroads. We would then have the situation that exists in the case at bar.

The Commission asks in its second opinion whether the rate should be doubled if another road should be built between Oklahoma City and Kansas City paralleling the Santa Fe. As a matter of fact three railroads have been built between Oklahoma City and Kansas City since the Santa Fe was constructed. The Rock Island, the St. Louis & San Francisco and the Missouri, Kansas & Texas, and they are all operating on a rate that is compensatory.

Who is to say whether more gins are to be built, whether more railroads are to be built, whether more compresses are to be built, whether more grocery stores are to be established? In the case at bar the original complaint was filed in order to compel the Chandler Cotton Oil Company to operate its gin which was then closed down (page 399), so that evidently the complainants in this case thought there were not enough gins operating in Chandler.

Commencing at page 206 witness after witness was put on the stand by the complainant to show that the gins operating could not take care of the

cotton fast enough and that farmer after farmer had to wait at the gin what they claimed was an unreasonable time. The testimony shows that during the early part of the week the farmers do not bring in the cotton so rapidly as during the latter part of the week, and that there are usually not enough gins on Saturdays, but too many on Mondays (pages 122 and 171). Oklahoma's average cotton crop will approximate 900,000 bales, and if we are to have one gin for every 2,500 bales that would allow us 360 gins, whereas we actually have about 1,000. Numerous towns in the state which market less than 2,500 bales of cotton could not have a gin at all. Oklahoma instead of having the best gins in the South, will have to go back to the old-fashioned two-horse press.

If the state is going to take over the regulation of a business which has not heretofore been regulated, it ought to take it as it finds it.

Heretofore the prices to be charged by cotton gins have not been subject to state regulation. We do not debate the power of the state to regulate this business. We do believe that when the state commences to regulate the business it ought not to apply purely theoretical ideas, the application of

which would destroy the business as it exists when the time of regulation starts. If there are too many gins, the state might prohibit the construction of any more, but it ought not to prescribe a rate which would destroy all those already in existence. No business can continue to operate at a loss, and when the state imposes a rate less than the cost of service it destroys the business.

We have not found any cases, except this one, which hold that a confiscatory rate is reasonable.

We do not believe it is necessary to go further than to cite the Minnesota rate cases and the Missouri rate cases.

In the Minnesota rate cases, 230 U. S. 352, at page 434, the Court say:

“(1). The basis of calculation is the ‘fair value of the property’ used for the convenience of the public. *Smyth v. Ames, supra* (p. 546). Or, as it was put in *San Diego Land & Town Co. v. National City, supra* (p. 757), ‘What the company is entitled to demand, in order that it may have just compensation, is a fair return upon the reasonable value of the property at the time it is being used for the public.’ See also *San Diego Land & Town Co. v. Jasper, supra*; *Wilcox v. Consolidated Gas Co., supra*.

“(2). The ascertainment of that value is not controlled by artificial rules. It is not a matter of formulas, but there must be a reasonable judgment having its basis in a proper

consideration of all relevant facts. The scope of the inquiry was thus broadly described in *Smyth v. Ames, supra* (pp. 546-547): 'In order to ascertain that value, the original cost of construction, the amount expended in permanent improvements, the amount and market value of its bonds and stock, the present as compared with the original cost of construction, the probable earning capacity of the property under particular rates prescribed by statute, and the sum required to meet operating expenses, are all matters for consideration, and are to be given such weight as may be just and right in each case. We do not say that there may not be other matters to be regarded in estimating the value of the property. *What the company is entitled to ask is a fair return upon the value of that which it employs for the public convenience.* On the other hand, what the public is entitled to demand is that no more be exacted from it for the use of a public highway than the services rendered by it are reasonably worth.' "

In the case at bar, instead of getting a fair return on the investment, the business is conducted at an actual loss. That this cannot be done is further emphasized by the decision in this case, which draws a distinction between the Northern Pacific and the Great Northern Railroads and the Minneapolis and St. Louis Railroad Company. At page 469 the Court points out that the rate which is sustained as to the Great Northern and the Northern Pacific cannot be sustained as to the Minneapolis

and St. Louis, because of its less favorable situation, and that the rate will not yield an adequate return upon the value of its property.

The same situation developed in the Missouri rate cases, 230 U. S. 474, where the holding is summarized in the syllabus as follows:

“Where a number of different carriers bring separate suits to enjoin the enforcement of railway rates established by a state statute on the ground that the rates are unconstitutional as confiscatory, the bills can be sustained as to those carriers which actually prove that the rates are confiscatory as not yielding a return on their property, although dismissed as to other carriers which fail to offer clear and convincing proof to that effect.”

Commencing at page 507 the Court point out that the rate cannot be sustained as to the St. Louis & Hannibal Company, Kansas City, Clinton & Springfield Company and the Chicago Great Western Company, and as to those three companies the decrees are affirmed, while they were reversed as to the others.

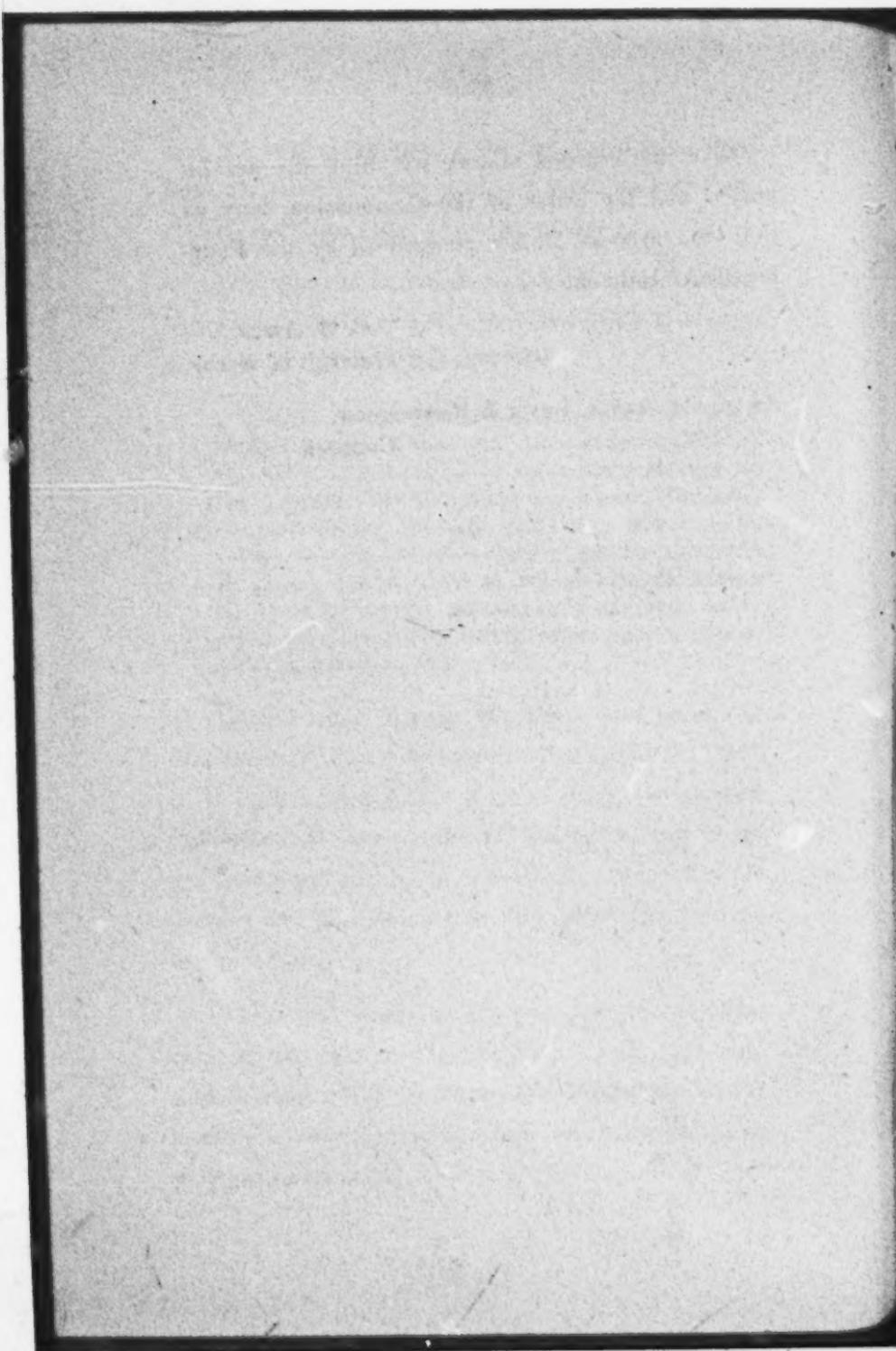
These two cases adopt as a test the application of the rate to the particular road, and hold that it must yield a compensatory return, and the holding is based upon the less favorable situation of these companies.

For the reasons stated, we think the act involved and the order of the Commission deny us that due process of law guaranteed by the Fourteenth Amendment.

C. B. AMES,
Attorney for Plaintiff in Error.

AMES, CHAMBERS, LOWE & RICHARDSON,
of Counsel.

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APPENDIX.

Section 18, Article 9. Constitution of Oklahoma:

POWER OF COMMISSION—MAY PRESCRIBE AND ENFORCE RATES.

Commission shall have the power and authority and be charged with the duty of supervising, regulating, and controlling all transportation and transmission companies doing business in this State, in all matters relating to the performance of their public duties and their charges therefor and of correcting abuses and preventing unjust discrimination, and extortion by such companies, and to that end the Commission shall, from time to time, prescribe and enforce against such companies, in the manner hereinafter authorized, such rates, charges, classifications of traffic, and rules and regulations, and shall require them to establish and maintain all such public service, facilities, and conveniences, rules, regulations and requirements, the Commission may, from time to time, alter or amend. All rates, charges, classifications, rules and regulations adopted, or acted upon, by any such company, inconsistent with those prescribed by the Commission, within the scope of its authority, shall be unlawful and void.

RIGHT TO INSPECT BOOKS AND PAPERS—DISCRIMINATION.

The Commission shall also have the right, at all times, to inspect the books and papers of all transportation and transmission companies doing business in this State and to require from such companies, from time to time, special reports, and statements, under oath, concerning their busi-

ness; it shall keep itself fully informed of the physical condition of all the railroads of the State, as to the manner in which they are operated, with reference to the security and accommodation of the public, and shall, from time to time, make and enforce such requirements, rules and regulations as may be necessary to prevent unjust or unreasonable opportunity to introduce evidence and to be heard thereon, to the end that justice may be done, and shall have process to enforce the attendance of witnesses; and before said Commission shall make or prescribe any general order, rule, regulation, or requirement shall first be published in substance, not less than once a week, for four consecutive weeks, in one or more of the newspapers of general circulation published in the county in which the capital of this State may be located, together with the notice of the time and place, when and where the Commission will hear any objections which may be urged by any person interested, against the proposed order, rule, regulation, or requirement, and every such general order, rule, regulation or requirement, made by the Commission, shall be published at length, for the time and in the manner above specified, before it shall go into effect, and shall also, so long as it remains in force, be published in each subsequent annual report of the Commission.

AUTHORITY OF COMMISSION SUPREME—RATES UNDER LOCAL FRANCHISE.

The authority of the Commission (subject to review on appeal as hereinafter provided) to prescribe rates, charges and classifications of traffic, for transportation and transmission companies, shall, subject to regulation by law, be paramount; but its authority to prescribe any other rules, regulations or requirements for corporations or

other persons shall be subject to the superior authority of the Legislature to legislate thereon by general laws. PROVIDED, HOWEVER, That nothing in this section shall impair the rights which have heretofore been, or may hereafter be, conferred by law upon the authorities of any city, town or county to prescribe rules, regulations, or rates of charges to be observed by any public service corporation in connection with any services performed by it under a municipal or county franchise granted by such town, or county, so far as such services may be wholly within the limits of the city, town or county granting the franchise.

**MAY ARBITRATE CONTROVERSIES BETWEEN COMPANY
AND EMPLOYEES.**

Upon the request of the parties interested, it shall be the duty of the Commission, as far as possible, to effect, by mediation, the adjustment of claims, and the settlement of controversies, between transportation or transmission companies and their patrons or employes."

Sec. 19, Art. 9, Constitution of Oklahoma.

"In all matters pertaining to the public visitation, regulation, or control of corporations, and within the jurisdiction of the Commission, it shall have the powers and authority of a court of record to administer oaths, to compel the attendance of witnesses, and the production of papers, to punish for contempt any person guilty of disrespectful or disorderly conduct in the presence of the Commission while in session, and to enforce compliance with any of its lawful orders or requirements by adjudging, and by enforcing its own appropriate process, against the delinquent or offending party or company (after it shall have been first duly cited, proceeded against by due process

of law before the Commission sitting as a court, and afforded opportunity to introduce evidence and to be heard, as well as against the validity, justness or reasonableness of the order or requirement alleged to have been violated, as against the liability of the company for the alleged violation), such fines or other penalties as may be prescribed or authorized by this Constitution or by law. The Commission may be vested with such additional powers, and charged with such other duties (not inconsistent with this Constitution) as may be prescribed by law, in connection with the visitation, regulation or control of corporations, or with the prescribing and enforcing of rates and charges to be observed in the conduct of any business where the state has the right to prescribe the dates and charges in connection therewith, or with the assessment of the property of corporations, or the appraisement of their franchises, for taxation, or with the investigation of the subject of taxation generally.

"Any corporation failing or refusing to obey any valid order or requirement of the Commission within reasonable time, not less than ten days, as shall be fixed in the order, may be fined by the Commission (proceeding by due process of law as aforesaid) such sum, not exceeding five hundred dollars, as the Commission may deem proper, or such sum, in excess of five hundred dollars, as may be prescribed or authorized by law; and each day's continuance of such failure or refusal after due service upon such corporation of the order or requirement of the Commission, shall be a separate offense; PROVIDED, That should the operation of such order or requirement be suspended, pending any appeal therefrom, the period of such suspension shall not be computed against

the company in the matter of its liability to fines or penalties."

Section 34, Article 9, of the Constitution:

"As used in this article, the term 'transportation company' shall include any company, corporation, trustee, receiver, or any other person owning, leasing, or operating for hire, a railroad, street railway, canal, steamboat line, and also any freight car company, car association, express company, sleeping car company, car corporation, or company, trustee or person in any way engaged in such business as a common carrier over a route acquired in whole or in part under the right of eminent domain, or under any grant from the government of the United States; the term 'rate' shall be construed to mean rate of charge for any service rendered, or to be rendered; the terms 'rate' 'charge,' and 'regulation,' shall include joint rates, joint charges, joint regulations, respectively, the term 'transmission company' shall include any company, receiver or other person, owning, leasing or operating for hire any telegraph or telephone line; the term 'freight' shall be construed to mean any property transported or received for transportation, by any transportation company. The term 'public service corporation' shall include all transportation and transmission companies, all gas, electric light, heat and power companies, and all persons authorized to exercise the right of eminent domain, or to use or occupy any right-of-way, street, alley, or public highway, whether along, over or under the same, in a manner not permitted to the general public; the term 'person' as used in this article, shall include individuals, partnerships and corporations, in the singular as well as plural number; the term 'bond' shall mean all certificates or written evidence of indebtedness

issued by any corporation and secured by mortgage or trust deed. The term 'frank' shall mean any writing or token issued by or under authority of a transmission company, entitling the holder to any service from such company free of charge.

"The provisions of this article shall always be so restricted in their application as not to conflict with any of the provisions of the Constitution of the United States, and as if the necessary limitations upon their interpretation had been herein expressed in each case."

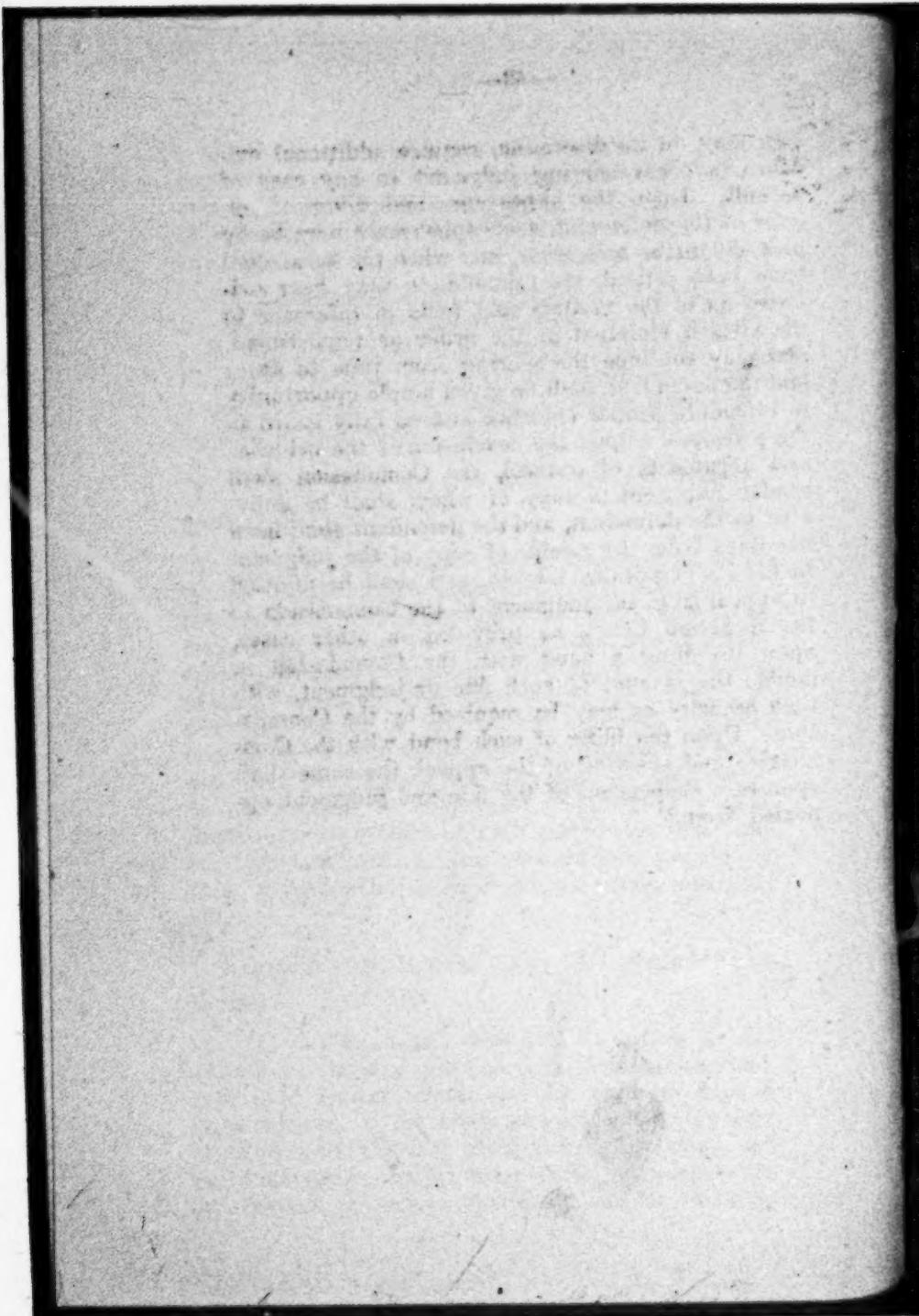
Section 1192, Revised Laws of 1910 (Okla.), reads as follows:

"Any corporation, person or firm may be fined by the Corporation Commission, such sum not exceeding five hundred dollars, as the Commission may deem proper, for the violation of any of its rules or requirements; and each day's continuance of such violation, after due service upon such corporation, person or firm, of the order or requirement of the Commission shall be a separate offense; provided, that should the operation of such order or requirement be suspended, pending an appeal therefrom, the period of such suspension shall not be computed against the corporation, person or firm, in the matter of its liability to fines and penalties."

Section 1194, Revised Laws 1910 (Okla.), is as follows:

"If the defendant shall fail to appear or file answer on the day mentioned in the citation, such failure to appear or file answer shall be deemed an admission of the truth of each and every material allegation in such affidavit or information, and the Commission may render such judgment without further hearing or testimony; or the Commis-

sion may, in its discretion, require additional evidence before rendering judgment in any case of default. Upon the appearance and filing of answer of the defendant, such appearance may be by plea, demurrer or answer, and when the issue shall have been settled, the Commission may hear evidence as to the matters and facts in reference to the alleged violation of the order or requirement, and may continue the hearing from time to time; and the defendant shall be given ample opportunity to introduce proper evidence and be fully heard in the premises. Upon the conclusion of the evidence and arguments of counsel, the Commission shall render judgment, a copy of which shall be delivered to the defendant, and the defendant shall have five days from the receipt of copy of the judgment to file its exceptions thereto, and shall be allowed to appeal from the judgment of the Commission to the Supreme Court, as provided in other cases, upon its filing a bond with the Commission in double the amount of such fine or judgment, with such security as may be required by the Commission. Upon the filing of such bond with the Commission and allowing of the appeal, the same shall operate a suspension of the fine and judgment appealed from."



In the Supreme Court of the United States

OCTOBER TERM, 1918

Oklahoma Gin Company,
Plaintiff in Error,
vs.
State of Oklahoma,
Defendant in Error.

No. 185

REPLY BRIEF OF PLAINTIFF IN ERROR

First.

The first point argued by the plaintiff in error is that the act of the Oklahoma Legislature is void under the Fourteenth Amendment, because it prohibits a resort to the courts to test the reasonableness of the rates, except at the risk of penalties and punishment so severe as to amount to a denial of due process of law.

The defendant in error undertakes to avoid the argument on this point by now announcing to the

Court that it does not intend to enforce the penalties and that the Supreme Court of the State does not affirm the penalties.

We call attention to the fact that the order of the Corporation Commission appealed from is an order imposing the penalties as punishment for contempt, and that the judgment of the Supreme Court is one of affirmance. It follows, therefore, that the Supreme Court did affirm the penalties. The whole purpose of the proceeding was to punish the plaintiff in error for a disobedience of the order. The plaintiff in error was fined. This proceeding in error is to determine whether those fines were lawfully imposed and whether the statute under which they were imposed is valid. If the statute is valid, the fines were lawfully imposed. If the statute is invalid, the fines were unlawfully imposed. The plaintiff in error for several years has been subject to the payment of these fines. It has been out the expense of prosecuting a writ of error to this Court. The suggestion that these fines would not be collected has not been made until after the cause has been submitted and argued in this Court. When the defendant in error is convinced that the act is invalid, it seeks to infuse life into it by announcing to this Court that it will not collect the

fines. It seeks to validate an invalid act of the legislature by an act of grace of the officers of the State.

We respectfully submit that it is too late and that a solemn question of constitutional law cannot be avoided by the *finesse* of public officers.

The ground of objection to the statute is that it imposes enormous penalties for resorting to the courts to determine the validity of a rate order. The fact that the Corporation Commission waives these penalties years after they have been imposed and after the cause has been argued in this Court does not infuse life into a dead act or prevent this Court from determining the validity of the judgment which is here involved.

This unique effort to separate the penalties from the act and thereby save it, finds no support either in the facts of the case or in *Willcox v. Consolidated Gas Co.*, 212 U. S. 19, cited by defendant in error. In that case the penalties were not involved, because it was a suit for an injunction to restrain a rate which had not gone into effect, while here, it is an appeal from a judgment imposing the penalties. The penalties here cannot be separated from the judgment by this afterthought.

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It is likewise worth while to remember that the Willcox case lays down the rule clearly that rates fixed by legislative authority must allow a fair return upon the value of the property at the time it is being used.

Second.

Section 19 of Article 9 of the Constitution is relied on by the defendant in error as requiring notice. This is the section providing for contempt proceedings, and we have not challenged the procedure in the contempt proceedings. We have challenged the procedure in the rate case, which preceded the contempt proceedings, by claiming that that procedure did not require notice.

Counsel for defendant in error rely on Section 18 of Article 9 of the Constitution as requiring notice in that case. They do not, however, quote that section in full. It is quoted in full in the appendix of our original brief. An examination of the section discloses that it relates to "transportation and transmission companies." The terms "transportation and transmission companies" are defined in Section 34 of Article 9 of the Constitution, which is also quoted in full in the appendix to our original brief. An examination of that section discloses that

the plaintiff in error is neither a transportation nor a transmission company and consequently the notice required by Section 18 of Article 9 of the Constitution does not apply here.

Third.

The last point made by the defendant in error is that the rates involved in this case need not be compensatory, because they are imposed for a violation of the anti-trust laws and because ginning cotton was not the only business in which the plaintiff in error was engaged. The violation of the anti-trust laws is the condition upon which the Corporation Commission may exercise its jurisdiction, but in the exercise of this jurisdiction there is nothing in the statutes to indicate that the rates prescribed may be non-compensatory. Given the ground of jurisdiction, the Commission is, of course, controlled by the general principles of law applicable to rates.

The other position, that the plaintiff in error was engaged in other business besides ginning cotton, and therefore the rate need not be compensatory is likewise unsound. It matters not what private business a person may be engaged in or how much profit he may make out of the private busi-

ness. If the public is to regulate any part of the business, that regulation must be based on a reasonable return.

On the reasonableness of this rate it must not be forgotten, as we have pointed out in our original brief, that there is no claim by the Commission that the rate yields a reasonable return or any return. Its conclusion was reached by assuming that there were two gins in the town of Chandler instead of five. It likewise must be remembered that the Supreme Court in its opinion specifically holds that neither the Commission nor the Court had any "concern" with the question as to whether the rate would yield sufficient revenue to pay the operating expenses, if applied to all the gins concerned. See paragraph 3 of the syllabus, page 409 of the record.

On this point we call attention to the following cases:

International Harvester Co. v. Kentucky,
234 U. S. 216, 222.

Collins v. Kentucky, 234 U. S. 634, 638.

We called attention to these cases at the oral argument.

In the first case, at page 222, Mr. Justice

Holmes, in delivering the opinion of the Court, says, in considering a similar imaginary condition:

"Value is the effect on exchange of the relative social desire for compared objects expressed in terms of common denominator. It is a fact and generally is more or less easy to ascertain. But what it would be with such increase of a never extinguished competition as it might be guessed would have existed had the combination not been made, with exclusion of the actual effect of other abnormal influences, and, it would seem with exclusion also of any increased efficiency in the machines but with inclusion of the effect of the combination so far as it was economically beneficial to itself and the community, is a problem that no human ingenuity could solve. The reason is not the general uncertainties of a jury trial, but that the elements necessary to determine the imaginary ideal are uncertain both in nature and degree of effect to the acutest commercial mind. The very community, the intensity of whose wish relatively to its other competing desires determines the price that it would give, has to be supposed differently organized and subject to other influences than those under which it acts. It is easy to put simple cases; but the one before us is at least as complex as we have supposed, and the law must be judged by it. In our opinion it cannot stand."

In the second case, at page 638, Mr. Justice Hughes, delivering his opinion, says:

"The Harvester Company was prosecuted for being a party to a price-raising combina-

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tion; Collins, for breaking a combination agreement and selling outside the pool which he had joined. With respect to each, the test of the legality of the combination was said to be whether it raised prices above the 'real value.' If it did—in Collins' case—he would be subject to penalties for remaining in the combination; if it did not, he would be punishable for not keeping his tobacco in the pool. He was thus bound to ascertain the 'real value,' to determine his conduct not according to the actualities of life, or by reference to knowable criteria, but by speculating upon imaginary conditions and endeavoring to conjecture what would be the value under other and so-called normal circumstances with fair competition, eliminating the abnormal influence of the combination itself, and of all other like combinations, and of still other combinations which these were organized to oppose. The objection that the statute, by reason of its uncertainty, was fundamentally defective was as available to Collins as it was to the Harvester Company."

C. B. AMES,
Attorney for Plaintiff in Error.

AMES, CHAMBERS, LOWE & RICHARDSON,
Of Counsel.

MAR 27 1919

JAMES D. MAHER,
CLERK

No. [redacted]

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In the Supreme Court of the United States

OCTOBER TERM, 1918.

No. 25946.

OKLAHOMA GIN COMPANY, *Plaintiff in Error,*

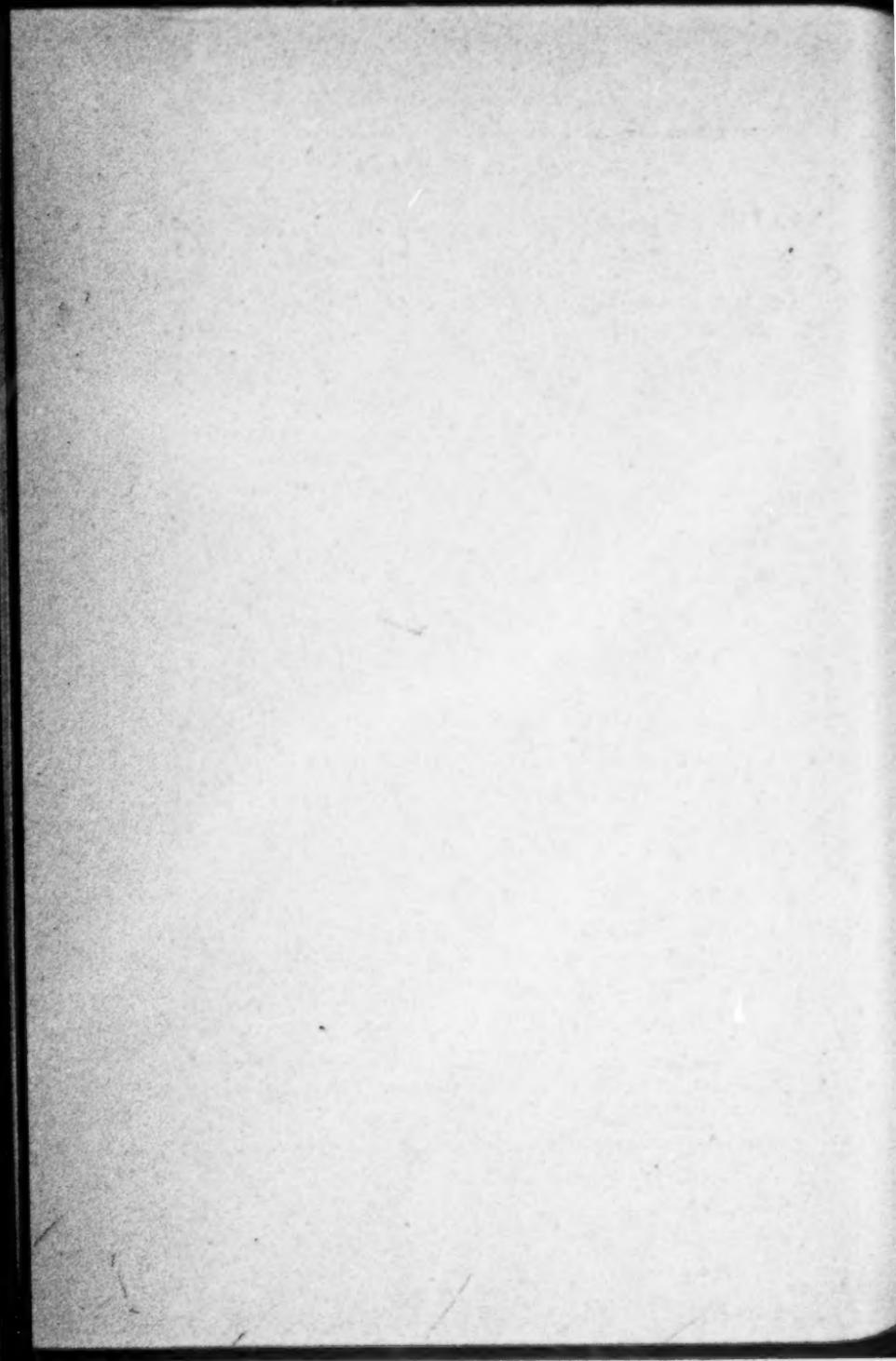
v.

THE STATE OF OKLAHOMA, *Defendant in Error.*

STATEMENT AND BRIEF OF DEFENDANT IN ERROR.

S. P. FREELING,
Attorney General.

PAUL A. WALKER,
Of Counsel for Corporation Commission.

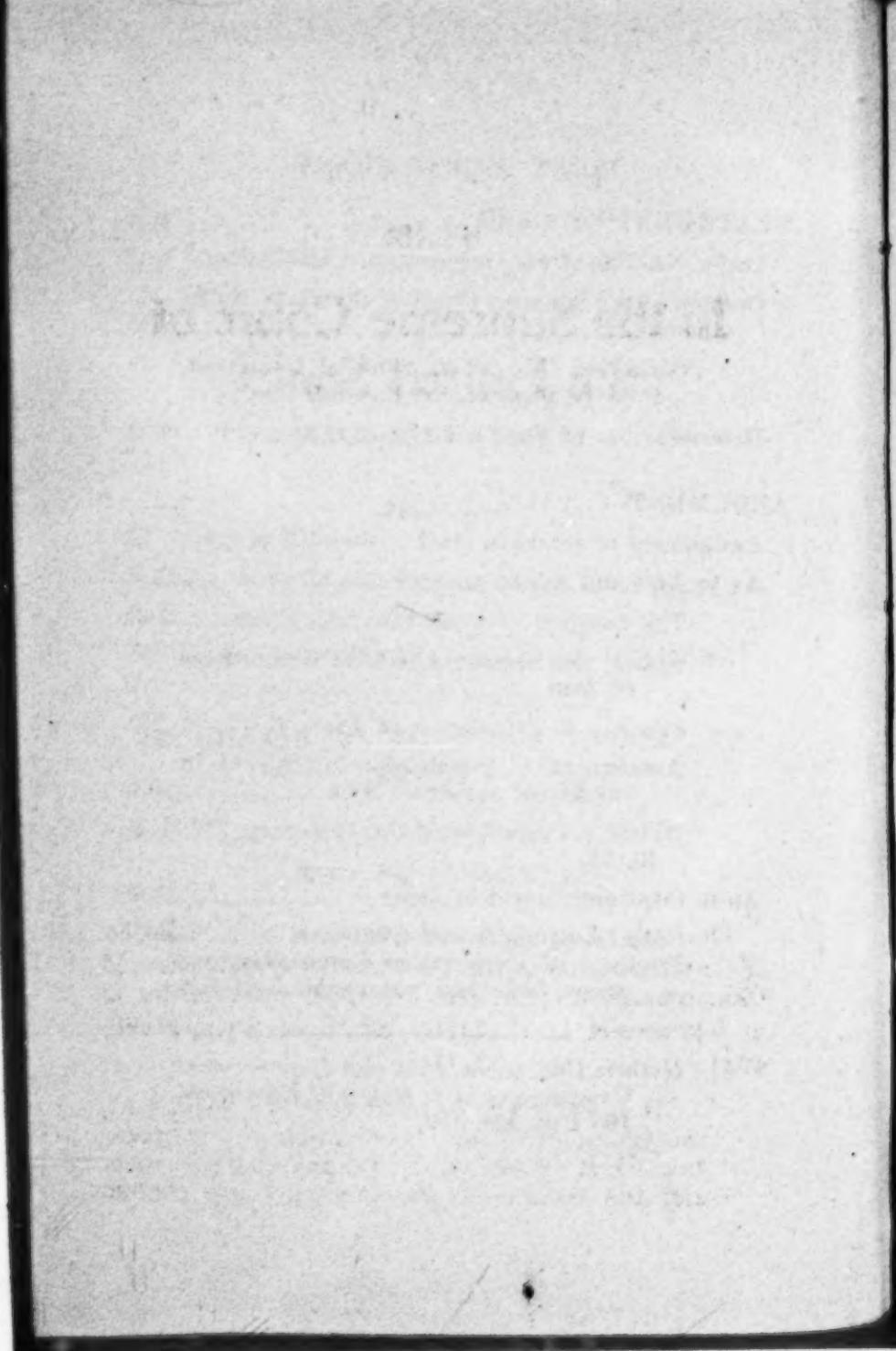


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No. 185.

In the Supreme Court of the United States

OCTOBER TERM, 1918.

No. 25946.

OKLAHOMA GIN COMPANY, *Plaintiff in Error*,
v.
THE STATE OF OKLAHOMA, *Defendant in Error*.

STATEMENT AND BRIEF OF DEFENDANT IN ERROR.

STATEMENT OF CASE.

The writ of error herein grew out of a violation of Order No. 759 of the Corporation Commission of Oklahoma, issued October 17, 1918, which order is as follows (P. U. R. 1916C, 32; Record pages 398, 403):

"It is therefore ordered that the defendant, the Chandler Cotton Oil Company, a corporation, D. R. Owens, L. H. Rooney, Kate Gordon, and the Oklahoma Gin Company gin custom

cotton in the town of Chandler for 50 cents per 100 pounds lint cotton, with minimum charge of \$2.50 per bale; that defendants furnish the standard bagging and ties at a price not to exceed 15 per cent above the wholesale cost thereof, with a minimum charge for bagging and ties of \$1 per bale, and for the year 1913, the price of bagging and ties shall not exceed \$1.15 per standard pattern. That the order heretofore issued by the Commission for the year 1912, which was set aside upon the defendant's giving bond to refund the difference, to the parties entitled thereto, of the amount charged and the amount finally fixed as the legal rate for ginning at Chandler, is hereby reinstated, and the reasonable charge for 1912 is 50 cents per 100 pounds for the lint cotton, with a minimum of \$2.50 per bale, with an additional charge of \$1 for bagging and ties.

"The defendants are further ordered to permit any person who may have cotton ginned to go upon the premises for the purpose of getting the cotton and the seed; that the parties having cotton ginned shall call for the seed at the time the cotton is ginned, or as soon thereafter as may be convenient to the owner of the gin. That the refunds herein above described shall be made by the 1st day of December, 1913. That this order shall be in full force and effect on and after the 1st day of November, 1913."

The laws of the State of Oklahoma provide a penalty for violation of orders of the Corporation Commission after hearing and trial before the Corporation Commission sitting as a court. (See Secs.

1192-1201, Revised Laws of Oklahoma 1910; Secs. 27-36 Corporation Commission Laws, 1917.)

From an order assessing penalty against defendant in error for violation of said Order No. 759 of the Corporation Commission, defendant appealed to the Supreme Court of Oklahoma, and that court rendered its opinion finding the rates prescribed by the Corporation Commission for the ginning of cotton at Chandler to have been reasonable. Nothing is said in the opinion of this court about the affirmance of the assessment of penalty or fine, and the Corporation Commission and the Attorney General of the State of Oklahoma have long since abandoned the idea of attempting to collect fines or penalties, the only question at issue being the right of the State of Oklahoma to prescribe rates for ginning seed cotton, under Sec. 13 of an Act of the Oklahoma Legislature, approved June 10, 1908 (Sess. Laws 1907-08, c. 83; Sec. 8235, Revised Laws of Oklahoma 1910; Sec. 545, Corporation Commission Laws, 1917).

The opinion of the Supreme Court of the State of Oklahoma, reported P. U. R. 1916C, 22, 158 Pac. 629, and found at page 409 of the record, reads as follows:

"OKLAHOMA SUPREME COURT.

OKLAHOMA GIN COMPANY

v.

STATE OF OKLAHOMA.

(No. 7022.)

(P. U. R. 1916C, 22.)

"RATES—JURISDICTION OF COMMISSION—
STATUTORY POWERS.

"1. Section 13 of the act approved June 10, 1908, vested the Corporation Commission with jurisdiction to prescribe rates and charges under conditions prescribed by the act, and the same was expressed in its title, the same being referable and cognate thereto.

"CONSTITUTIONAL LAW—DELEGATION OF
POWERS—FIXING OF RATES.

"2. The power thus delegated by the legislature to the Corporation Commission is not in conflict with the Constitution, Art. 4, Sec. 1, and was delegated pursuant to Constitution, Article 9, Sec. 18.

"RATES—FACTORS TO BE CONSIDERED—VALUE
OF SERVICE.

"3. In fixing the rates and charges complained of, the sole question before the Commission was whether the charge was a reasonable exaction to be paid by the individual dealing with the company, considering the service

to be rendered by the company. With the question whether or not the rate when applied to all the gins concerned would yield sufficient revenue to pay the operating expenses and keep all of them running for any length of time, the Commission had no concern, and hence the affect of an admission by the Corporation Commission in a proceeding for contempt against one company whose rates and charges had been fixed, for violating the order, that such it would not, is nil.

"EVIDENCE—BURDEN OF PROOF—COMMISSION ORDERS—GINNING COTTON."

"4. Evidence examined, and *held*, that the *prima facie* presumption attending the order of the Commission fixing the minimum charge for ginning cotton at C. at 50 cents per hundred for lint cotton, with maximum charge of \$2.50 a bale, and fixing the charge of bagging and ties at approximately \$1.00 per bale, has not been overcome.

(March 14, 1916.)

(Syllabus by the Court.)

"From orders of the Oklahoma Corporation Commission adjudging the Oklahoma Gin Company in contempt for violation of previous orders of the Commission, the defendant appeals. Affirmed.

"Appearances: Ames, Chambers, Lowe & Richardson, for appellant; S. P. Freeling, Attorney General, for the State.

"TURNER, J., delivered the opinion of the court:

"Upon a hearing of three separate complaints in causes Nos. 1976-77 and 78, made before the Corporation Commission, charging that appellant and certain other ginning companies operating at Chandler had formed an unlawful combination in restraint of trade by fixing a certain price for ginning cotton in violation of an Act entitled, "An Act to define a trust, monopoly, unlawful combination in restraint of trade; to provide civil and criminal penalties and punishment for violation thereof and damages thereby caused; to regulate such trusts and monopolies; to promote free competition for all classes of business in this State; and declaring an emergency" (approved June 10, 1908, Session Laws 1907-8, p. 750, the Commission, present all parties in interest, on October 17, 1913, made and entered order No. 759, fixing the minimum charge for ginning cotton at Chandler at 50 cents per 100 pounds of lint cotton, with a maximum charge of \$2.50 per bale, also fixing the charge for bagging and ties at approximately \$1.00 per bale. On February 26, 1914, three separate complaints were filed with the Commission against the appellant, Oklahoma Gin Company, which operated a round-bale gin at Chandler, charging it with three separate violations of said order; to which appellant answered admitting violating the order, but alleging the same to be unjust, unreasonable and void for certain reasons therein set forth. By consent of parties the three complaints consolidated and tried together as one case, at the conclusion of which the Commission made and entered three orders adjudging appellant guilty of all three charges, and fin-

ing it \$500 in each case. In each case appellant filed exceptions, and, after motion for new trial filed and also overruled, brings each case here, pursuant to Comp. Laws 1909, Sec. 1239, (Sess. Laws, 1907-08, p. 230), where all were consolidated on cause No. 7022.

"(1) Assailing the validity of the order it is contended that Sec. 13 of said Act vests no jurisdiction in the Corporation Commission, and, if it does, that the same is not embraced within the title of the Act, and hence in violation of Art. 5, Sec. 57 of the Constitution and void. Section 13 reads: 'Whenever any business, by reason of its nature, extent, or the existence of a virtual monopoly therein, is such that the public must use the same, or its services, or the consideration by it given or taken or offered, or the commodities bought or sold therein are offered or taken by purchase or sale in such a manner as to make it of public consequence, or to affect the community at large as to supply, demand or price or rate thereof, or said business is conducted in violation of the first section of this Act, said business is a public business, and subject to be controlled by the State, by the Corporation Commission, or by an action in any district court of the State, as to all of its practices, prices, rates and charges. And it is hereby declared to be the duty of any person, firm or corporation engaged in any public business to render its services and offer its commodities, or either, upon reasonable terms, without discrimination, and adequately to the needs of the public, considering the facilities of said business.'

"Not so. When the legislature by Sec. 1 of the Act denounced every act, agreement, con-

trust or combination in whatsoever form and every conspiracy in restraint of trade within the State as illegal, and in Sec. 13 provided, among other things, that 'Whenever any business (within the State) * * * is such that the public must use the same, or its services, * * * or (whenever) the commodities bought or sold therein are offered or taken by purchase or sale in such a manner as to make it of public consequence, or (in such manner as) to affect the community at large as to supply, demand, or price or rate thereof, or (and) said business is conducted in violation of the first section of this Act, said business is a public business and (is) subject to be controlled * * * by the Corporation Commission'—it meant that whenever a business, although organized, it may be, for the purpose of private gain, has placed its property in such a position that the public has become interested in its use, and such business is conducted in violation of Sec. 1 of the Act, *i. e.*, governed by a trust, monopoly or combination, or conspiracy in restraint of trade, the same was, by the Act, declared to be a public business, and made subject to the control of the Corporation Commission. Speaking to said section, in *Shawnee Gas & E. Co. v. Corporation Commission*, 35 Okla. 454, 180 Pac. 127, quoting approvingly from an unpublished opinion of Hayes, J., we said: 'This section provides that whenever a business shall have certain characteristics, it shall be a public business and shall be subject to the jurisdiction of the Corporation Commission to regulate its practices, rates and prices; but it does not provide that all public business shall be subject in these respects to such jurisdiction.'

tion. * * * The first part of said section attempts to define the class of business which the latter part of the section subjects to the jurisdiction of the Corporation Commission and the district courts. It appears to us clear that what was intended was to bring within the jurisdiction of the Commission the regulation of charges and rates for services connected with those businesses that violate the Acts and are connected, not with business strictly of a public character, such as common carriage, supply of water and gas, but with that class of business in which the owners, without any intent of public service, have placed their property in such a position that the public has an interest in its use. The distinction between the class of business and its services intended to be defined by and included in said section and the business and service of public corporations, is, we think, well made by Mr. Justice Brewer, who delivered the opinion of the Court in *Cotting v. Kansas City Stock Yards Co.* (*Cotting v. Godard*) 183 U. S. 79, 46 L. Ed. 92, 22 Sup. Ct. Rep. 30, in the following language: 'In the one (referring to property devoted to public service) the owner has intentionally devoted his property to the discharge of a public service. In the other he has placed his property in such a position that, willingly or unwillingly, the public has acquired an interest in its use. In the one he deliberately undertakes to do that which is proper work for the State. In the other, in pursuit of merely private gain, he has placed his property in such a position that the public has become interested in its use. In the one it may be said that he voluntarily accepts all the

conditions of public service which attach to like service performed by the State itself; in the other, that he submits to only those necessary interferences and regulations which the public interests require.' It was this second class of business with which we think Sec. 13 was dealing, and intended to place under the jurisdiction of the Corporation Commission and the district courts of the State as to all practices, rates and charges. * * * The Act confers not only upon the Corporation Commission jurisdiction to prescribe rates and charges under the conditions therein named, but confers also a like and concurrent power upon the district courts of the State.' And the jurisdiction thus vested was embraced in the title of the Act. The Act was one 'defining a trust, unlawful combination in restraint of trade, monopoly,' and one 'to regulate such trusts and monopolies.' *Hingle v. State*, 24 Ind. 28, involved the constitutionality of the 14th section of the liquor law of 1859, which attempts to confer jurisdiction of cases prosecuted for the violation of the Act both upon the common pleas and the circuit courts of the State. There, as here, the objection was made that such vesting of jurisdiction was not embraced in the title of the Act contrary to constitutional provision, substantially the same as here. In answer to the contention the court said: 'Is the insertion in an Act to regulate the liquor traffic, of a section conferring upon particular courts jurisdiction of cases prosecuted for its violation, within any of the mischiefs intended to be prevented? This question can be answered only in the negative, and such

an answer conclusively disposes of this constitutional objection.'

"See also *Reams v. State*, 23 Ind. 111; *Thomasson v. State*, 15 Ind. 449.

"We are therefore of opinion that that part of Sec. 13 of the Act which vests jurisdiction in the Corporation Commission, in the language of this court in *Leedy v. Brown*, 27 Okla. 489, 113 Pac. 177, 'is referable and cognate to the subject expressed in its title, going to make up a complete enactment or resulting as a complaint of the main thought therein contained.'

"(2) It is next urged that if said section is construed as a grant of power, then the power thus delegated to the Corporation Commission is legislative, and hence in conflict with the Constitution, Art. 4, Sec. 1. It is contended that if said section gives the Commission power to determine whether a particular business not theretofore controlled by the State can henceforth be controlled by it, then such 'is a delegation of legislative power of a character not delegable' under the Constitution.

"It is no argument against the constitutionality of the Act that it delegates to the Commission legislative power, for the reason that while Art. 4, Sec. 1, provides: 'The powers of the government of the State of Oklahoma shall be divided into three separate departments: The legislative, executive and judicial; and except as provided in this Constitution, the legislative, executive and judicial departments of government shall be separate and distinct, and neither shall exercise the powers properly be-

longing to either of the others.' The Constitution in establishing the Commission itself otherwise provided, as held in *St. Louis & S. F. R. Co. v. Williams*, 25 Okla., where at page 665, 107 Pac. 428, we said: 'The Corporation Commission, by virtue of the provisions of Article 9 of the Constitution, is vested with extraordinary powers, being authorized to exercise not only legislative, but also executive, administrative and judicial powers.'

"The Supreme Court of Virginia, in *Winchester & S. R. Co. v. Com.* 106 Va. 264, 55 S. E. 692, construing an identical provision, said: 'This court has recognized the validity of the State Corporation Commission as a legally constituted tribunal of the State, clothed with legislative, judicial and executive powers. *Atlantic Coast Line R. Co. v. Com.* 102 Va. 599, 46 S. E. 911; *Norfolk & P. Belt Line R. Co. v. Com.* 102 Va. 294, 49 S. E. 39. In the last named case, at page 295, it is said: 'The State Corporation Commission, created by constitutional authority, is the instrumentality through which the State exercises its governmental power for the regulation and control of public service corporations. For that purpose, it has been clothed with legislative, judicial and executive powers.' The concentration of these three powers of government in the Corporation Commission is not in contravention of the Bill of Rights. That declaration is a part of the been clothed with legislative, judicial and except as hereinafter provided, the legislative, executive and judicial departments shall be separate and distinct.' thereby recognizing the well accepted view that the administration of the government would be wholly impracticable

if that general maxim were strictly, literally and unyieldingly applied in every possible situation.'

"But let this be a delegation by the legislature to the Commission of whatsoever kind of power it may, the same is expressly authorized. Constitution, Art. 9, Sec. 18, provides: 'The Commission shall have the power and authority to be charged with the duty of supervising, regulating and controlling all transportation and transmission companies doing business in this State, in all matters relating to the performance of their public duties and their charges therefor, * * * and to that end shall, from time to time, prescribe and enforce against such companies * * * such rates, charges etc.'

"Now, while the company in question is neither a transmission nor transportation company, from this delegation of power we catch the idea of what power is intended to be delegated by later constitutional provisions invoked or applicable to the company in question. In the large, this is a delegation of power to the Commission, if, as properly raised in a proper case before, to hear and determine the question of whether or not the company whose rates and charges are the subject of inquiry is a transportation or transmission company; this is a delegation of judicial power. When that question is determined in the affirmative by the Commission as a result of a hearing before it, the matter of fixing the rates or charges for that company by the Commission is an exercise of legislative power. And so where, in the next section, the Constitution,

after clothing the Commission, in all matters pertaining to the control of corporations within the State, with the power of a court of record, and further providing that 'the Commission may be vested with such additional powers and charged with such other duties (not inconsistent with this Constitution) as may be prescribed by law in connection with the control of corporations,' it means that the legislature was authorized to designate corporations other than transportation and transmission companies, and extend the jurisdiction of the Commission over them also, in all matters pertaining to the regulation of their rates, charges, etc. And which the legislature did by Sec. 18, *supra*, by prescribing by law, in effect, that whenever any corporation places its business in such a position that the public acquires an interest in its use, and then enters into a combination in restraint of trade, the Commission is vested with judicial power to hear and determine whether such is true; and, if so, to exercise legislative power, and proceed and fix its rates and charges, as in the case of transportation and transmission companies. Such was the allegation on which the violated order is based. Turning to the complaints resulting in that order, we find the charge to be: 'That the respective business of each is such that by reason of its nature and extent the public must use the same, or its services, and that the consideration by it taken or given or offered, and the commodities bought and sold are offered, taken by purchase or sale, in such manner as to make it of public consequence, or to affect the community at large as to supply and demand, and as to price or rate thereof, and that said

business is conducted in violation of Sec. 8800 of Snyder's Compiled Laws of the State of Oklahoma, and that the same is therefore a public business and subject to be controlled by the State of Oklahoma by the Corporation Commission, as to all of its practices, prices, rates and charges.'

"We are therefore of opinion that the powers granted by the section under construction were properly delegated, and did not conflict with Art. 4, Sec. 1 of the Constitution, as contended.

"(3) While the order complained of is not assailed as unreasonable or unjust upon the ground that there was no evidence reasonably tending to support the finding of an unlawful combination in restraint of trade, it might be well to state that the complaint on which the order was based charged, and the Commission found, that such combination in fact existed among the five gins located in Chandler. It further found: "That the defendant, Chandler Cotton Oil Company, working in conjunction with the other defendants, had closed down its gin in the town of Chandler, with an understanding by the terms of which it was to receive the seed from all cotton purchased by the operators of the gins of the other defendant companies, upon which it agreed to pay a premium or commission of \$2.00 per ton; that subsequent to such agreement between the Chandler Cotton Oil Company and the other defendants, there was an arbitrary advance in the price of cotton ginning to \$4.00 per bale, and thereafter the defendant gin companies refused to allow seed buyers to drive their wag-

ons under the seed hoppers of defendants to take away any cotton seed bought by them in the regular order and course of business transactions.'

"The only assault made upon the order is that the same is unreasonable and unjust, because the price fixed is less than 'the cost of the service and the effect of the order, if enforced, is to deprive appellant of its property without due process of law.'

"In answer to this contention it is sufficient to say that, as the Commission found by fixing the minimum for ginning cotton in Chandler at 50 cents per 100 pounds of lint cotton, with a maximum charge of \$2.50 per bale, and by fixing the charge for bagging and ties at approximately \$1.00 per bale, that such was a reasonable charge for the service, the burden of showing the order to be unreasonable and unjust is on appellant; for to us the order is *prima facie* just, reasonable and correct. And this appellant attempts to do by pointing, not to the order assailed, but to the order appealed from where the Commission admits: * * * 'that the price of 50 cents per bale is not sufficient to pay the operating expenses and keep all the gins in Chandler in operation during the ginning season,' and insists that the effect of the admission is to concede that the *prima facie* effect of the order has been overcome. Not so, for the reason that what is thus admitted might be true, and yet the reasonableness and justness of the rate fixed would be in nowise affected thereby. In fixing the rate complained of, the sole question before the Commission was whether the charge fixed was

a reasonable exaction to be paid by the individual dealing with the company, considering the service to be rendered him by the company. With the question whether or not the rate, when applied to all the gins concerned, would yield sufficient revenue to pay the operating expenses and keep all of them running for any length of time, the Commission had no concern, and hence the effect of such admission is nil.

"In the Godard case, 183 U. S. 96, 46 L. Ed. 103, 22 Sup. Ct. Rep. 30, Brewer, J., after citing and quoting from numerous authorities said: 'In *Canada Southern R. Co. v. International Bridge Co.* L. R. 8 App. Cas. 723, 731; Lord Chancellor Selborne thus expressed the decision of the House of Lords. 'It certainly appears to their lordships that the principle must be, when reasonableness comes in question, not what profit it may be reasonable for a company to make, but what it is reasonable to charge to the person who is charged. That is the only thing he is concerned with.' And later on, speaking for the court, said: 'The authority of the legislature to interfere by a regulation of rates is not an authority to destroy the principles of these decisions, but simply to enforce them. Its prescription of rates is *prima facie* evidence of their reasonableness. In other words, it is a legislative declaration that such charges are reasonable compensation for the services rendered, but it does not follow therefrom that the legislature has power to reduce any reasonable charges because by reason of the volume of business done by the party he is making more profit than others in the same or other business. The question is always, not

what does he make as the aggregate of his profits, but what is the value of the services which he renders to the one seeking and receiving such services.'

"And so, we say, if the Commission was without power to reduce any reasonable rates or charge because, on account of the business done by appellant, it is making more profit than others in the business, it follows that with what appellant, or others, is making or not making, or would or would not make, as a result of the rate when applied, the Commission has no concern; and hence the admission of the Commission under consideration has no force or effect to overcome the presumption that the order fixing the rate assailed is *prima facie* just, reasonable and correct.

"(4) We are therefore of opinion, after an examination of the evidence, that the presumption attending the finding of the Commission, among other things: 'That the claims of ginners that the cost of ginning per bale ranges above \$4.00 to \$6.00 are erroneous, as a great proportion of such expense is not an expense incident to ginning, is an expense of cotton buying, and selling, and not properly assignable to the cost of ginning,' and that 'from investigation in other cases and by general inquiry that the prevailing price for custom ginning over the State does not exceed \$3.50 per bale, and that where a price of \$4.00 is charged in any particular community, is where the large cotton or oil mill companies have a line of gins, which places them virtually in control of the ginning business, and enables them to dictate and fix the price of ginning; and such

companies as a rule prefer to buy the cotton in the seed in order that they may place the price of custom ginning at a figure that will make it more profitable to the farmer to sell his cotton in the seed than to have it custom ginned and retain or sell his seed, separate from the cotton—and the order based thereon, fixing charge for ginning cotton at Chandler, as above set forth, has not been overcome, and that the same should be affirmed, and it is so ordered.

"All the justices concur."

**DETERMINATION OF FINES NOT A PART OF
THIS CASE.**

A reading of the foregoing opinion will disclose that the Supreme Court of the State of Oklahoma considered merely the reasonableness of the rates prescribed by the Corporation Commission, and did not affirm the assessment of fines or penalties. Sec. 19, Art. 19, Constitution of Oklahoma, Sec. 21 Corporation Commission Laws, 1917, provides that the Commission may "enforce compliance with any of its lawful orders or requirements by adjudging, and by enforcing its own appropriate process, against the delinquent or offending party or company (after it shall have been first duly cited, proceeded against by due process of law before the Commission sitting as a court and afforded opportunity to introduce evidence and to be heard, as well against

the validity, justness or reasonableness of the order or requirement alleged to have been violated, as against the liability of the company for the alleged violation.)"

Sec. 20, Art. 9, Constitution of Oklahoma, Sec. 43 Corporation Commission Laws, 1917, provides generally for appeals from the Corporation Commission to the Supreme Court of the State of Oklahoma.

Sec. 1194 Revised Laws of Oklahoma, 1910, Sec. 29 Corporation Commission Laws, 1917, provides specifically for appeals from orders of the Corporation Commission made in contempt proceedings.

Sec. 23, Art. 9, Constitution of Oklahoma, Sec. 46 Corporation Commission Laws, 1917, provides in part:

"Whenever the court, upon appeal, shall reverse an order of the Commission affecting rates, charges, or the classifications of traffic of any transportation or transmission company, it shall, at the same time, substitute therefor such orders as, in its opinion, the Commission should have made at the time of entering the order appealed from; otherwise the reversal order shall not be valid. Such substituted order shall have the same force and effect (and none other) as if it had been entered by the Commission at the time the original order appealed from was entered."

The Supreme Court of the State of Oklahoma therefore reviewed the case as to the reasonableness of the Commission's order prescribing rates for gin-

ning cotton and did not affirm the assessment of fines or penalties against the defendant. The situation, therefore, is just this. Defendant's proceedings were brought before the Corporation Commission for the violation of its order fixing charges for ginning seed cotton at Chandler.

Defendant, the Oklahoma Gin Company, availed itself of the provision of the Oklahoma Constitution which gave it the right in a contempt case to determine the reasonableness of the rates. From the order of the Commission adjudging the defendant guilty of contempt and reaffirming its finding as to the reasonableness of rates the defendant appealed to the Supreme Court of the State of Oklahoma. The court reviewed the evidence as to the reasonableness of rates and passed upon that evidence only.

The Attorney General, as the legal representative of the State of Oklahoma, and the attorney for the Corporation Commission of the State of Oklahoma, and by leave and consent of the Corporation Commission of the State of Oklahoma, hereby and herein avers that the Corporation Commission of the State of Oklahoma has no interest in, desires no interest in, and will not prosecute defendant herein for the collection of fines assessed by the Corporation Commission, the same not being passed upon by the Supreme Court of the State of Oklahoma, and interest of the State being merely in the affirmation of its right to regulate the business herein under the anti-trust laws of the state.

ARGUMENT.**Assignment of Errors Set Forth in Brief of Plaintiff in Error.**

Counsel for plaintiff in error in their brief discussed the following assignment of errors:

"First. The Supreme Court of Oklahoma erred in not holding that the Act of the Oklahoma Legislature involved is void under the Fourteenth Amendment, because it prohibits a resort to the courts to test the reasonableness of the rates except at the risk of penalties and punishment so severe as to amount to a denial of due process of law and the equal protection of the laws.

"Second. The Supreme Court of Oklahoma erred in not holding the Act in conflict with the Fourteenth Amendment for failing to require notice and an opportunity to be heard before the Corporation Commission could prescribe rates.

"Third. The Supreme Court of Oklahoma erred in not holding that the rate fixed for ginning cotton deprives the plaintiff in error of its property without due process of law, because it is insufficient to cover the cost of ginning cotton, unreasonable and confiscatory."

Counsel for defendant in error will, for the convenience of the Court, follow the same order in their argument, except that the first and second assignments of error will be considered together.

AS TO THE FIRST AND SECOND ASSIGNMENTS OF ERROR.

That the act of the Oklahoma Legislature is void under the Fourteenth Amendment, because it prohibits a resort to the courts to test the reasonableness of the rates except at the risk of penalties and punishment so severe as to amount to a denial of due process of law and the equal protection of the laws, and because it does not provide the persons affected with the right to notice and opportunity to be heard.

Counsel for plaintiff in error quote Sec. 13 of the Act of June 10, 1908 (Sess. Laws, 1907-08, c. 83; Sec. 8235 Revised Laws of Oklahoma, 1910; Sec. 545, Corporation Laws, 1917), which reads as follows:

"Whenever any business, by reason of its nature, extent, or the existence of a virtual monopoly therein, is such that the public must use the same, or its services, or the consideration by it given or taken or offered, or the commodities bought or sold therein are offered or taken by purchase or sale in such manner as to make it of public consequence or to affect the community at large as to supply, demand or price or rate thereof, or said business is conducted in violation of the first section of this article, said business is a public business, and subject to be controlled by the State, by the Corporation Commission or by an action in any district court of the State, as to all of its practices, prices, rates and charges. And it is

hereby declared to be the duty of any person, firm or corporation engaged in any public business to render its services and offer its commodities, or either, upon reasonable terms without discrimination and adequately to the needs of the public considering the facilities of said business."

After quoting the foregoing they state that this section prescribes no procedure, requires no notice, authorizes no appeal and provides no punishment.

That part of the assignment of error referring to punishment will be disregarded for the reason that the State makes no effort herein to punish defendant in error for its violation of the Commission's order, and counsel show that no punishment therefor will be inflicted herein, regardless of the determination of this case in the Supreme Court of the United States.

Counsel for plaintiff in error show that in order to find the whole law on the subject reference must be had to other parts of the Constitution and laws of the State of Oklahoma and that the statute quoted is to be treated as a part of a system of laws and not as a single Act, citing *Wadley So. Ry. Co. v. Georgia*, 235 U. S. 651, 666. In this they are correct, and the laws to which we call the Court's attention give them ample protection.

THE QUESTION OF PROCEDURE AND NOTICE.

Sec. 1, Art. 9, Constitution, Sec. 13 Corporation Commission Laws, 1917, reads in part as follows:

"The term 'corporation' or 'company' shall include all associations and joint stock companies having any power or privileges, not possessed by individuals, and excludes all municipal corporations and public institutions owned or controlled by the State."

Sec. 18, Art. 9, Constitution, Sec. 19 Corporation Commission Laws, 1917, provides:

"Before the Commission shall prescribe or fix any rate, charge or classification of traffic and before it shall make any order, rule, regulation, or requirement directed against any one or more companies by name, the company or companies to be affected by such rate, charge, classification, order, rule, regulation or requirement, shall first be given, by the Commission, at least ten days' notice of the time and place when and where the contemplated action in the premises will be considered and disposed of, and shall be afforded a reasonable opportunity to introduce evidence and to be heard thereon, to the end that justice may be done, and shall have process to enforce the attendance of witnesses; and before said Commission shall make or prescribe any general order, rule, regulation or requirement, not directed against any specific company or companies by name, the contemplated general order, rule, regulation or requirement shall first be

published in substance, not less than once a week, for four consecutive weeks, in one or more of the newspapers of general circulation published in the county in which the capitol of this State may be located, together with the notice of the time and place, when and where the Commission will hear any objections which may be urged by any person interested against the proposed order, rule, regulation or requirement; and every such general order, rule, regulation or requirement made by the Commission shall be published at length for the time and in the manner above specified before it shall go into effect, and shall also, so long as it remains in force, be published in each subsequent annual report of the Commission."

Sec. 19, Art. 19, Constitution of Oklahoma, Sec. 21 Corporation Commission Laws, 1917, provides:

"In all matters pertaining to the public visitation, regulation or control of corporations, and within the jurisdiction of the commission, it shall have the powers and authority of a court of record, to administer oaths, to compel the attendance of witnesses, and the production of papers, to punish for contempt any person guilty of disrespectful or disorderly conduct in the presence of the Commission while in session, and to enforce compliance with any of its lawful orders or requirements by adjudging, and by enforcing its own appropriate process, against the delinquent or offending party or company (after it shall have been first duly cited, proceeded against by due process of law before the Commission sitting as a court and afforded opportunity to introduce evidence and to be heard, as well against the validity, just-

ness or reasonableness of the order or requirement alleged to have been violated, as against the liability of the company for the alleged violation, such fines or other penalties as may be prescribed or authorized by this constitution or by law. The Commission may be vested with such additional powers, and charged with such other duties (not inconsistent with this Constitution) as may be prescribed by law, in connection with the visitation, regulation or control of corporations, or with the prescribing and enforcing of rates and charges to be observed in the conduct of any business where the State has the right to prescribe the rates and charges in connection therewith, or with the assessment of the property of corporations, or the appraisement of their franchises, for taxation, or with the investigation of the subject of taxation generally. Any corporation failing or refusing to obey any valid order or requirement of the Commission, within reasonable time, not less than ten days, as shall be fixed in the order, may be fined by the Commission (proceeding by due process of law as aforesaid) such sum, not exceeding five hundred dollars, as the commission may deem proper, or such sum in excess of five hundred dollars as may be prescribed or authorized by law; and each day's continuance of such failure or refusal, after due service upon corporation of the order or requirement of the Commission, shall be a separate offense; *Provided*, that should the operation of such order or requirement be suspended, pending any appeal therefrom, the period of such suspension shall not be computed against the company in the matter of its liability to fines or penalties."

The foregoing sections do provide for notice as to any procedure brought against any corporation before the Corporation Commission.

There is no contention that the procedure provided in Sec. 18, Art. 9 of the Constitution was not followed herein. Counsel for defendant in error plead that the law does not provide for notice and hearing. In this we think they are wrong. The Corporation Commission has always understood that Sec. 18, Art. 9, Constitution of Oklahoma, prescribes the procedure to be followed in any proceeding against any corporation or company brought before the Corporation Commission.

Speaking on this question of procedure, in the Oklahoma Operating Company case, in the district court of the Western District of Oklahoma (No. 494, October term, 1918, this Court, page 7, brief of appellee) Judge Hook said:

"Sec. 18 of Art. 9 of the Constitution of Oklahoma, which relates to the fixing of rates of public service corporations, makes definite provision for notice and for an opportunity to be heard. Section 19, the one immediately following the other, authorized the legislature to confer upon the Commission additional powers to those over public service corporations. The legislature is authorized to confer upon the Corporation Commission power over other business. That would be broad enough to include the business of the petitioner in this application. Section 19, however, does not definitely prescribe any procedure, but the con-

clusion of the court in that the procedure prescribed in Section 18 automatically applies to cases which the legislature has provided for under the power given in Section 19. That is to say, in inquiring whether any particular company is a trust, combination or monopoly so that it could go ahead and regulate its rates for service to the public, the Corporation Commission would be required to give the notice prescribed in Section 18, and to afford the opportunity to be heard. Now in fact that procedure was followed in this case, and to that extent it was the construction by a tribunal, board or body of a State of its own constitutional and statutory law. Our conclusion is that the petitioner had due process of law in the decision of the judicial question involved."

What was said by Judge Hook in the Oklahoma Operating case is equally true here. The procedure prescribed in Sec. 18, Art. 9, of the Constitution of Oklahoma was followed in this case and plaintiff in error had due process of law.

Sec. 20, Art. 9, Constitution of Oklahoma, Sec. 43 Corporation Commission Laws, 1917, provides in part as follows:

"From any action of the Commission prescribing rates, charges, or classifications, of traffic, or affecting the train schedule of any transportation company, or requiring additional facilities, conveniences or public service of any transportation or transmission company, or refusing to approve a suspending bond, or requiring additional security thereon or an increase thereof, as hereinafter provided

for, an appeal (subject to such reasonable limitations as to time, regulations as to procedure and provisions as to cost, as may be prescribed by law) may be taken by the corporation whose rates, charges or classifications of traffic, schedule, facilities, conveniences, or service, are affected, or any person deeming himself aggrieved by such action, or (if allowed by law) by the State. Until otherwise provided by law, such appeal shall be taken in the manner in which appeals may be taken to the Supreme Court from the district courts, except that such an appeal shall be of right, and the Supreme Court may provide by rule for proceedings in the matter of appeals in any particular in which the existing rules of law are inapplicable. If such appeal be taken by the Corporation whose rates, charges or classifications of traffic, schedules, facilities, conveniences or service are affected, the State shall be made the Appellee; but, in the other cases mentioned, the corporation so affected shall be made the appellee. The legislature may also, by general laws, provide for appeals from any other action of the Commission, by the State, or by any person interested, irrespective of the amount involved. All appeals from the commission shall be to the Supreme Court only, and in all appeals to which the State is a party, it shall be represented by the Attorney General or his appointed representative."

Sec. 23, Art. 9, Constitution, Sec. 46 Corporation Commission Laws, 1917, provides:

"Whenever the court, upon appeal, shall reverse an order of the Commission affecting the rates, charges or the classifications of traffic

of any transportation or transmission company, it shall, at the same time, substitute therefor such orders as, in its opinion, the Commission should have made at the time of entering the order appealed from; otherwise the reversal order shall not be valid. Such substituted order shall have the same force and effect (and none other) as if it had been entered by the Commission at the time the original order appealed from was entered. The right of the Commission to prescribe and enforce rates, charges, classifications, rules and regulations affecting any or all actions of the Commission theretofore entered by it and appealed from, but based upon circumstances or conditions different from those existing at the time the order appealed from was made, shall not be surrendered or impaired by reason of the pendency of such appeal; but no order of the Commission prescribing or altering such rates, charges, classifications, rules or regulations shall be retroactive."

Section 1194, Revised Laws of Oklahoma, 1910, Section 29 Corporation Commission Laws, 1917, the law relating especially to contempt procedure, provides in part:

"Upon the conclusion of the evidence and arguments of counsel, the Commission shall render judgment, a copy of which shall be delivered to the defendant, and the defendant shall have five days from the receipt of copy of the judgment to file its exceptions thereto, and shall be allowed to appeal from the judgment of the Commission to the Supreme Court, as provided in other cases, upon its filing a bond with the Commission in double the amount

of such fine or judgment, with such security as may be required by the Commission. Upon the filing of such bond with the Commission and allowing of the appeal, the same shall operate a suspension of the fine and judgment appealed from."

From the foregoing it will be seen that defendant in error not only had due process of law, so far as notice and hearing are concerned, but that it had a review in the Supreme Court of the State of Oklahoma of the rates prescribed by the Corporation Commission of Oklahoma. The Supreme Court of Oklahoma could have set aside and held invalid the rates prescribed by the Corporation Commission and at the same time have substituted therefor such rates as, in its opinion, the Commission should have made.

Rates prescribed by the Corporation Commission, for the ginning of cotton; therefore, were reviewed by the Commission, sitting as a court in contempt proceeding, and by the Supreme Court of the State of Oklahoma on appeal in the contempt proceeding to that court. Defendant was not injured by the proceeding herein and has had a judicial review of the rates prescribed by the Corporation Commission both before the Commission, sittion as a court, and the Supreme Court of the State of Oklahoma.

The provision in the Oklahoma Constitution giving the right of a judicial review of rates prescribed by the Corporation Commission takes this case outside of the rule announced in cases cited in

brief of defendant in error, and the Constitution of Oklahoma was so drawn as to preclude the situation in cases cited by plaintiff in error.

APPEAL NOT NECESSARY TO GIVE DUE PROCESS OF LAW.

It is said that due process of law means a notice to the party affected, and this as a matter of law and not as a matter of grace or concession.

North American Cold Storage Co. v. City of Chicago, 211 U. S. 305.

Barbier v. Connelly, 113 U. S., 27.

Dent v. West Virginia, 129 U. S. 114.

The court below found that the law provided and the Commission accorded due process of law in the proceedings herein. We have shown that appeal was prosecuted herein. As a matter of law, however, it is not necessary to provide for appeal in order to give due process of law. In the case of *L. & N. Railroad Co. v. Garrett*, 231 U. S. 298 (syllabus), it is said:

"While a State may permit appeals to the courts from the rate-making orders of its railroad commissioners, (*Prentiss v. Atlantic Coast Line*, 211 U. S. 210), failure to provide for such an appeal does not deny the carrier due process of law as guaranteed by the Fourteenth Amendment."

Assessment of penalties not involved in validity of anti-trust laws and is separable from the anti-trust act.

We have already pointed out that the question of penalties is not one for consideration in this court for the reason that the Supreme Court of the State of Oklahoma did not affirm the penalties, and for the further reason that the State waives all intention to collect penalties and all claims therefor. If, however, the State of Oklahoma proposed to collect penalties in the amount intimated by defendant in error, we think that would not affect the case under the rule announced in *Willcox v. Consolidated Gas Company*, 212 U. S. 19, 53, wherein this Court said:

"We are of the same opinion as to the penalties provided for a violation of the Acts. They are not a necessary or inseparable part of the Acts, without which they would not have been passed. If these provisions as to penalties have been properly construed by the court below, they are undoubtedly void, within the principle decided in *ex parte Young*, 209 U. S. 123, 52 L. ed. 714, 18 L. R. A. (N. S.) 932, 28 Sup. Ct. Rep. 441, and the cases there cited, because so enormous and overwhelming in their amount.

"When the objectionable part of a statute is eliminated, if the balance is valid and capable of being carried out, and if the court can conclude it would have been enacted if that portion which is illegal had been omitted, the remainder of the statute thus treated is good. *Reagan v. Farmers' Loan & T. Co.* 154 U. S. 362, 395, 38 L. ed. 1014, 1022, 4 Inters. Com. Rep. 560,

14 Sup. Ct. Rep. 1047; *Berea College v Kentucky*, 211 D. S. 45-54, *ante*, 81, 29 Sup. Ct. Rep. 83. This is a familiar principle.

AS TO THE THIRD ASSIGNMENT OF ERROR.

That the rate fixed deprives the plaintiff in error of its property without due process of law, because it is insufficient to cover the cost of ginning the cotton, and is less than the value of the service.

Case Arises Under Anti-Trust Laws.

It must be borne in mind that this is not an ordinary rate case, prosecuted under a statute which is intended to be primarily a rate statute, but is a case prosecuted under the anti-trust laws of the State of Oklahoma, and is one dealing with monopoly. In other words, before the Corporation Commission could have jurisdiction in the premises, it must find that a virtual monopoly existed.

In addition to the section of the anti-trust law heretofore quoted, we call attention to the first section of the Act of 1907-08, Sec. 8220, Revised Laws, 1910, Sec. 530, Corporation Commission Laws, 1917, which reads:

"TRUST DECLARED ILLEGAL. Every act, agreement, contract, or combination in the

form of trust, or otherwise, or conspiracy in restraint of trade, or commerce within this State, which is against public policy, is hereby declared to be illegal."

The lawmakers of the State of Oklahoma have attempted to provide necessary legislation for the regulation of monopolies. The anti-trust law, under which order of the Corporation Commission of Oklahoma was made, gave the Commission power to regulate rates for ginning cotton only as an incidental power in the regulation of monopolies. If it had been shown that a virtual monopoly did not in fact exist, the Corporation Commission would have had no authority to fix rates or to exercise any other control over cotton gins. In the exercise of its jurisdiction under the anti-trust laws, the Corporation Commission was obliged to consider not only the question of rates but the practices generally of the cotton gins and of the defendant corporation, operating them.

Plaintiff in error contends that the rates prescribed by the Corporation Commission for ginning cotton were lower than the actual cost of ginning cotton if all the cotton gins were kept in operation. The facts in the record show that cotton ginning was only one phase of the business carried on by the cotton monopoly. The buying and selling of cotton and the handling of cottonseed was far more important from the standpoint of money made by the defendant than was the ginning itself. As a matter of fact gins were kept in operation and cus-

cotton ginning was done in order to get control of the cotton and to get an opportunity to buy the cotton and the cottonseed from the farmers, or the cotton raisers. On this point we call attention to the evidence in the record page 193, *et seq.*, and to the findings of the Commission in its Order 759, page 398, *et seq.*, and opinion of the Supreme Court of Oklahoma heretofore quoted herein, and on page 415 of the record.

Findings of the Corporation Commission are prima facie, just, reasonable and correct.

In the case of *Guthrie Gas, Light, Fuel and Improvement Company et al v. Board of Education of the City of Guthrie*, 166 Pac. 128, 130, which case was an appeal from an order of the Corporation Commission of the State of Oklahoma, prescribing rates for gas sold to the Board of Education in the city of Guthrie, it is said:

"It is urged that the order was made without sufficient evidence to support it. By Sec. 22, Art. 9, Williams' Const., it is provided that the action of the Commission appealed from shall be regarded *prima facie* just, reasonable and correct. The evidence was sufficient to support the finding that the rate should be re-established, and such order can only be overcome or rebutted by the facts in the record as weighed and found by this court in reviewing the order. *A. T. & S. F. Ry Co. v. State*, 23 Okla. 210, 100 Pac. 11, 21 L. R. A. (N. S.) 908; *Id.* 23 Okla. 510, 101 Pac. 262; *M., K. & T. Ry. Co. v. Witcher*, 25 Okla., 586, 106 Pac.

852; *M., K. & T. Ry. Co. v. State*, 24 Okla. 231, 103 Pac. 613; *United States Exp. Co. v. State*, 150 Pac. 178; *St. L. & S. F. Ry. Co. v. Travelers' Corp.* 148 Pac. 166."

The rates prescribed herein for the ginning of cotton by the Corporation Commission of the State of Oklahoma are *prima facie* just, reasonable and correct, and we call attention to the opinion of the Supreme Court of the State of Oklahoma, heretofore quoted herein, on this point and found on page 415 of the record.

In the case at bar the rates prescribed were the rates which the Corporation Commission found to be reasonable in its regulation of a monopoly. The ginning of cotton was found to be only incidental to the other business of the monopoly. The money which the monopoly expected to make was from the buying and selling of cotton and of cottonseed. But the Commission also found that the rates were reasonable, if only the ginning was considered. We think that the plaintiff in error was not denied due process of law, had due process of law herein, and that the order of the Corporation Commission in prescribing ginning rates was reasonable.

Respectfully submitted,

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